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**WORLD MARITIME UNIVERSITY**

**MALMO SWEDEN**

**THE SIGNIFICANCE OF MARITIME DEVELOPMENT TO THE  
ECONOMY OF NAMIBIA: Economic Framework for  
Maritime Development in independent Namibia**

By

**SHIHALENI ELLIS NDJABA  
NAMIBIA**


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A paper submitted to the Faculty of the World Maritime University in partial satisfaction of the requirements for the award of a

**MASTER OF SCIENCE DEGREE**  
in

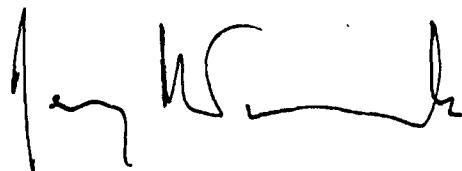
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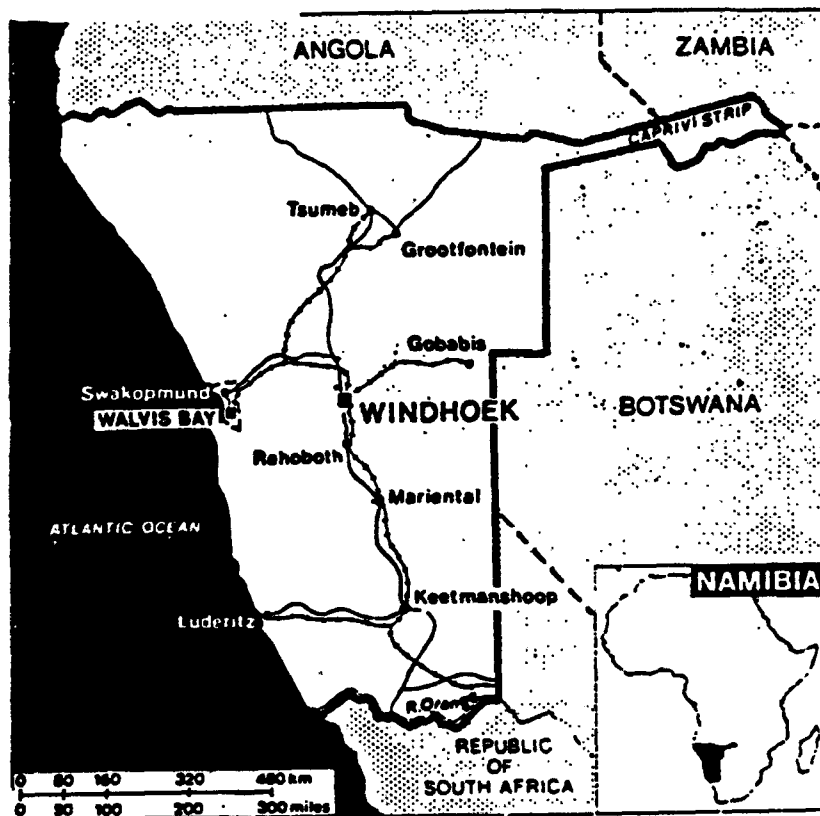
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TO

My wife, Hileni NDJABA \_ affectionately Mekondjo \_ whose sustaining Love, encouragement and moral support have been a source of strength and inspiration for me during the arduous and demanding years of my studies in Sweden.

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#### KEY FACTS ON NAMIBIA

**LOCATION:** South western corner of Africa.

**NEIGHBOURS:** South Africa on the South, Botswana and Zambia on the East, Angola on the North and the Atlantic Ocean on the west.

**SIZE:** 823 629 sq km.

**POPULATION:** 1.5 Million.

**POLITICAL STATUS:** Under South African illegal colonial occupation (NB. Now on way to independence through U.N. supervised elections due in November 1989)

**CURRENCY:** South African Rand(R). Exchange Rate: R2.67 per US Dollar(August 1989).

**Ports:** Walvis Bay and Luderitz Bay

**GDP:** R2000 Million (1983)

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## PREFACE

Namibia is just a heartbeat away from becoming an independent state, after decades of South African colonial rule. As South Africa ruled Namibia as if it was one of its provinces there has been no good atmosphere for the proper development of local institutions. The Maritime Sector is one of the hard hit victims of such a policy. There is no Maritime Administration in Namibia. The South African Merchant Shipping Legislation is extended to Namibia as well, and the Maritime Administration functions in Namibia are performed by the South African authorities. Namibia has no Merchant Marine fleet. The ports are run directly from South Africa.

Upon independence a lot will stand to be done in this sector. There will be an urgent need to introduce a Merchant Shipping Legislation to govern the maritime activities in the country. It will also be necessary to introduce a Maritime Administration, to carry out the functions embodied in the Merchant Shipping Legislation, such as ship registration, certification of officers, prevention of pollution of the sea by oil, implementation of International Conventions, for example MARPOL, and a score of others.

As the country's economy is such export oriented, there would also be a great need for the establishment of a merchant marine fleet to participate in the transportation of such exports, thereby saving the scarce and badly needed foreign exchange resources, which would otherwise be drained out of the country in payment for such services.

The existing trade patterns, whereby most of the country's trade is channeled via South Africa will have to be changed after independence. The new economic order to emerge in an independent and free Namibia will be accompanied by increased demand for consumer goods, because, as the apartheid and all racial policies are done away with and all the people will be treated equally economically, all the Namibian people will have equal access to their wealth, unlike now when only a handful portion of the population takes the lion's share. This would, in turn, give rise to increased imports volume. Furthermore, Namibia will have the opportunity to extend its hinterland to the landlocked countries surrounding it, such as Botswana, Zimbabwe, Zambia, etc. All these factors will give rise to demand for shipping services, particularly port facilities and physical infrastructure. Namibia will thus, virtually, start from scratch, in most of the sub-sectors of the maritime sector.

This study finds its justification and rationale from the foregoing background. It attempts to see the existing situation in Namibia and sets forth some proposals, which might be of some relevance and use to the new Namibian government for the development of this economically important sector. It should be noted here that the study is more on the Economics side. The first Chapter takes review of the structure of the Namibian economy, sampling out the major sectors. The second chapter takes a Bird's eye-view of the current overall transport system. The third Chapter comprises general objectives and considerations for the development of shipping in independent Namibia. The fourth Chapter takes a close look at Walvis Bay, Namibia's main and only deep water

harbour. The fifth Chapter consists of general proposals or guidelines for the development of maritime activities in future Namibia. Each chapter ends with conclusions and recommendations, except chapters III and IV, which are, so to speak, recommendations on their own right. The expression "independent Namibia", repeatedly used in the study, and perhaps boringly, denotes the focus of the efforts into the future, to the new economic order and era, as the dark chapter of colonialism, which has been haunting the country for so long, closes down.

It should also be noted here that the author had some limitations in his research. He had no possibility to visit his country during the research process, as he, like other scores of thousands of Namibians, has been living in exile for nearly a decade, due to the colonial political system in the country. The materials used were obtained through intermediaries and it was not possible to get all the required amount. Therefore some of the statistical data quoted in the paper may have some time elapse, but in any case it is believed that it still presents a representative sample of the state of affairs.

## CHAPTER I

### STRUCTURAL CHARACTERISTICS OF THE NAMIBIAN ECONOMY

The Namibian economy, which is shaped in a typical colonial fashion is characterised by a duality, the so-called modern sector, located mostly in the south, in the so-called white areas, and the so-called African traditional and subsistence agricultural economy, which envelopes the majority of the black population who are forced to live in the so-called homelands or reserves. The modern sector is based on the extensive extraction of the country's natural resources, fishing and ranching activities. This structure of the economy has been consciously designed by the colonial power ie. the South African regime, to serve the interest of the minority white population and South Africa and her foreign allies at the expense and suffering of the indigenous Namibian people who are forced to live in the poverty-stricken so-called homelands.

Namibia is well endowed with mineral resources and ranks virtually, co-equal with Zaire and Zambia as the second largest African producer of non-petroleum mineral products. The export-oriented sectors of mining, fishing and farming are the principal features of the Namibian economy. Mining, which is the most important and dominant of these sectors produces a variety of minerals, of which the principal ones are diamond, uranium and copper. Diamonds account for more than half the value of mining output, making Namibia the sixth largest producer of diamonds in the world. Uranium oxide accounts for about one third of the value of mining output. Base metals such as copper, lead and zinc are in abundance and make Namibia

the fourth base metal producer in Africa.

The Namibian sea waters are rich in fish resources and fishing is one of the major economic sectors. The main activity is pelagic fishing, mainly pilchards and anchovy species of fish.

Commercial farming, one of the three major sectors, consists of two main branches, viz. cattle ranching and karakul sheep rearing.

The Namibian economy is largely owned by outsiders, principal of whom are South Africa itself, Western Europe and North America. In fact in the key sectors of mining, fishing, banking and industry foreign ownership is exclusive. The local white capital is mainly placed in agriculture ie. the commercialised sector, in construction and in middle-level commerce. The foreign ownership referred to above is more dominant in the key and critical sector of mining. To substantiate this fact, the Consolidated Diamond Mines (CDM) which mines diamonds in Namibia is a subsidiary of the De Beers Consolidated Mines Ltd of South Africa, the largest diamond company in the world. The Tsumeb Corporation, which accounts for about 80% of base metals production in Namibia is controlled by American Metal Climax Inc. and the Newmont Mining Corporation of the United States. The Rossing Mine, which is the largest open cast uranium mine in the world, is 60% owned by Rio Tinto Zinc Corporation (RTZ) of Britain.

In its efforts to incorporate Namibia as its fifth province, South Africa has integrated the Namibian economy into its own. With the exception of karakul farming, the

development of commercialised agriculture is wholly dependent on South Africa for the export of beef and dairy produce and for imports of consumer goods. A bulk of agricultural equipment such as fencing materials, animal feeds, fertilisers, insecticides, farm tools, etc. comes from or through South Africa. This integration of the Namibian economy into the South African economy accounts largely for the underdevelopment of its secondary and tertiary sectors and this will be seen further on in this chapter.

Having overviewed the general features of the present Namibian economy some selected individual sectors, namely Mining, Agriculture, Fisheries, Industry and Foreign Trade will be looked into further on.

### 1.1. Mining

Namibia is endowed with substantial mineral resources. These resources are its major source of wealth and are at heart of its present economic structure. Based on preliminary prospecting and exploration results, Namibia's minerals include copper, lead, zinc, gem diamonds, cadmium, uranium, silver, gold, germanium, bismuth, arsenic, lithium, rubidium, boron, niobium, tellurium, tungsten, gallium, manganese, molybdenum, vanadium, non-diamond gems, iron, salt, thorium, silica, feldspar, phosphorus, limestone, rare earth, sulphur, quartz, soda, mica, and many other minerals that are extracted as by-products or are exploited in smaller deposits (see map on Appendix I).

Mining has been the main pillar of the economy of Namibia, accounting for a third of the Gross Domestic Product (GDP) and 85% or more of all the goods exported from the country (2). Tax receipts from mining make up about half of the

estimated government revenues'. The destiny of the Namibian economy is thus inextricably linked with mining and one cannot ignore the role this sector will play in the reconstruction of independent Namibia \3. At independence Namibia will inherit an economy based on the products and exports mainly of minerals \4. In the late seventies Namibian mines produced 16% of the world's diamonds, 3% of its uranium and 1% each of cadmium, lead, zinc and copper.

The Namibian mining industry is dominated by a variety of Transnational Corporations, the major ones of which are the Consolidated Diamond Mines which is a subsidiary of the South African based De Beers Group, the Rossing Corporation, controlled by the UK-based Rio Tinto Zinc Corporation and Tsumeb Consolidated Goldfields of South Africa. A smaller but significant part in the production of Namibia's base metals is played by two South African Parastatal Companies, the Iron and Steel Corporation (ISCOR) and the Industrial Development Corporation of South Africa (IDC) \5. Another important South African Company involved in the exploitation of Namibia's minerals is the Afrikaner-owned mining house General Mining and Finance Corporation of South Africa (GMFC) \6. These two Corporations together own 26.8% of the shares in the Rossing Corporation.

There is not a single mining company in Namibia which is wholly or partially owned by Namibians. This has meant that Namibia's minerals are effectively monopolised by Western and South African Corporations, and with such a strangle-hold on the country's key economic sector, these corporations have oriented the Namibian economy towards exports of unprocessed raw materials, thus creating a

situation whereby much of the wealth from mining industry-up to 35% of the country's GDP-flows to foreign bank accounts of the transnational and South African Corporations in the form of expropriation of profits, dividends, remittances, and capital transfer \7. In other words, the mineral wealth of Namibia has so far not benefited the Namibians mainly because the corporate emphasis on production for exports has led to large disparities between national income and GDP , that is, huge profits for the foreign companies and extreme poverty for the black workers and peasants \8.

The mines in Namibia have contributed more directly to the territory's occupation by South Africa, through the heavy contribution of revenue to the illegal administration \9. In recognition of the ruthless plunder of the Namibian wealth, which is ever more rapidly leaving Namibia, enriching foreigners and depleting the finite reserves that are the inheritance of the Namibian people, the United Nations Council for Namibia Decree No.1 was enacted by the Council in order to protect the country's natural resources(see Appendix II). However the economic plunder continued in violation of this U.N. Decree.

The mining industry can be divided into four main sectors, viz, diamonds, uranium, metals and industrial minerals. The first three of these will be discussed here .

#### 1.1.1. Diamonds

Diamond production dominates the mining industry and the economy of Namibia. More than 95% of the diamonds mined in Namibia are of gem quality. In 1978 the diamond mining sector generated about 78% of the total mineral sales. Until in recent years the diamond industry contributed



over 40% to state revenue. The Namibian diamonds are found at the mouth of the Orange River, deposited in alluvial sand and gravel that accumulate to the north of the river's mouth along the Namib coast \10. The available data on world diamond reserves suggest that, of the world reserves of 120 million of carats, 20-30 million carats of the proved and probable reserves are in Namibia \11. In addition of the world reserves of 170 million carats of industrial diamonds, the territory accounts for some 200 000 - 300 000 carats \12. All diamond production in Namibia is currently carried out by CDM, a wholly-owned subsidiary of De Beers Consolidated Mines Ltd, which, in turn, is a part of the Anglo-American group.

#### 1.1.2. Uranium

The Rossing Uranium open cast mine is the only uranium producer in Namibia. This mine is the largest single producer of uranium in the world. It currently produces 50 000 - 60 000 tonnes of ore per day and has capacity of producing 5 250 tonnes of uranium oxide per year. The mine started production in 1976 and reached its full capacity in 1979. Rossing is part of the British-based Rio Tinto Zinc (RTZ) group, who own 46.5% of the equity shares, but have only 26.5% of the voting rights \13. Other share holders include RTZ's Canadian subsidiary Rio Algon (10%), Total of France (10%), Gencor of South Africa (7%) and others, including Urangesellschaft of West Germany \14. The South African state-owned Industrial Development Corporation (IDC) has both a 13% shareholding, and loans of at least R60. Its voting rights are believed to be considerably higher, perhaps a majority vote giving an effective veto right over decisions, also through legislation the South African government can demand as much of the Rossing uranium as it wishes to buy.

The Rossing Uranium mine was developed on a 2:1 loan to equity ratio. In 1980 the mine generated profit of R96.6 million, as compared to R47.8 million in 1979. The production of Rossing uranium is said to be about 17% of the western world's total production \16. The company recovered its cost totalling USD 380 million by 1983. The Namibian uranium is sold to USA, Japan, France, West Germany and probably Taiwan on long-term contracts. Rossing had a work-force of 3 230 as of January 1983, of which 85% were Namibians, most of whom are employed on unskilled jobs.

#### 1.1.3. Metals

Starting with precious metals, some gold and silver is produced in Namibia. Gold is available in small deposits in Rehoboth and in addition to this the produced blister copper contains traces of gold which are recovered. Silver is produced as a by-product of copper and lead. In 1982 Namibia had a share of 3.8% of African production of silver and 0.4% of the world production.

Coming to base metals, 90% of metal production is done by Tsumeb Corporation LTD (TCL), which produces copper, lead, zinc and cadmium. The main operations of TCL centre around base metal smelter and refinery built to process the extra-ordinary range of minerals in the Tsumeb mine. In order to feed its plant the TCL operates, in addition to the Tsumeb mine itself, three neighbouring mines, viz Kombat, Asis East and Asis West and two mines near Windhoek, viz, Matchles and Otjihase. Tsumeb Corporation is the largest producer of base minerals in Namibia and is the largest employer in the Namibian mining industry. In 1982, for example, it employed some 6400 workers, 5000 of them black.

The other base minerals produced in Namibia are beryllium, lithium, manganese, tin, tungsten and vanadium, with the major mines at Berg Aukas (lead, vanadium and zinc), Brandberg West (tin and tungsten), Karibib (lithium), Klein Aub (copper and silver), Oamites (copper), Rosh Pinah (lead and zinc) and Uis (tin).

### 1.2. Agriculture

Like in many other developing countries, agriculture in Namibia plays a vital role in both social and economic dimensions. After mining, agriculture is the second contributor to the country's GDP. The majority of the Namibian people live in rural areas and make their livelihood from agriculture. About 90% spend part of their lives on the land. The Namibian agriculture is structured in favour of the white minority, who make less than 10% of the population. They dominate the most profitable sub-sector of the country's agriculture, the commercial sector, which principally comprises stock rearing (cattle and karakul).

The blacks, on the other hand, make their livelihood on subsistence agriculture. They have no access to agricultural support services such as loans, extension services, veterinary services, etc, which are readily available to the white-dominated Commercial sector. Production in the commercial sector is biased in favour of livestock (beef and karakul), thereby neglecting crop production. There are only some few large farms, which are located in the Karsveld region, near Otavi, where the crops are mainly produced for fodder. Therefore agriculture in Namibia is lopsided and this has been deliberately promoted by the South African regime in order

to make Namibia a captive market of South African produced grain, vegetables and fruits.

At present about 60% of land is reserved for whites. The indigenous people, the blacks, are forced to live in the so-called homelands, with poor land for agriculture. The whites are given freehold title to land, which means that they are free to buy or sell any piece of land and borrow money from banks using the land as collateral. The blacks in the "homelands" can not purchase or sell land freely.

Livestock plays an important part in the economic and social life of the Namibian people. Most of them depend wholly or partly on livestock for subsistence or wages. In 1979, for example, cattle and sheep, including karakul pelts accounted for about 90% of the gross value of agricultural production. The main products from cattle and karakul sheep are beef, processed meat and karakul pelts, which, together make up 20% of the total Namibian exports. Over 90% of sheep and 70% of cattle are owned by whites. A bulk of Namibia's food, over 50% is imported from South Africa. Thus while Namibia sells its agricultural products to South Africa, or through South Africa to Europe and North America it buys its food from South Africa. The main components of commercial agriculture ie. cattle and sheep will be discussed further .

#### 1.2.1.Cattle

Extensive cattle farming on huge ranches is the main agricultural activity in the Central region where the density of cattle per square km is more than seven heads \17. The primary economic value of cattle ranching is meat production for export and local consumption. In 1982

beef cattle with a value of R118.7 million, made up 62.6% of the commercial livestock output. There are five main meat processing factories which supply the local and provide export of frozen beef and corned beef primarily to SA. The trend of local slaughtering industry with world markets is a promising one. However direct benefit to Namibia from this situation is minimal as beef exports and marketing are controlled by South African firms.

#### 1.2.2. Sheep

In 1980 Namibia had a population of 4.5 million sheep, of which 3.3 to 3.5 million were karakul. They contributed 29.1% of the total value of agricultural products in that year. The main product from sheep (karakul) is pelts. There are about 4 000 karakul farms in Namibia, of which 3 000 are owned by whites. During the 1970s to 1980 Namibia was one of the main fur suppliers in the world market, producing about 3 million pelts per day. However a combination of poor world market prices and prolonged draught in the country caused a decline in pelts production.

The major markets for karakul pelts are West Germany (60%), Italy(20%), Japan, Canada, USA, Spain and other EEC countries. During recent years, local slaughter and live export of sheep (including karakul) has increased considerably. In 1982, over 1 980 000 sheep were slaughtered locally and 514 000 were exported live to South Africa, while in 1983, over 273 000 were slaughtered locally and 259 000 were exported live to SA \18.

#### 1.3. Fisheries

Historically, Namibia has had a substantial fishing sector, which used to contribute over 5% to the country's

GDP and 20% to the total value of exports. This sector of the Namibian economy is in no way different in structure from the rest of the natural resources sectors. Marine fishing rights have been mainly limited to foreigners and, especially, large externally based companies. The involvement of Namibians is almost exclusively limited to the supply of cheap, seasonal, unskilled and semi-skilled labour force. Maximisation of short-term profit has been the main driving force for the use of these resources. This resulted in a decline of the inshore marine catch to about 200 000 tonnes in 1982, down from up to 500 000 tonnes in the period 1975-78, due to overfishing. In 1983 the fishing sector contributed about 3-4% to the GDP and 8%-9% to the total exports of the country. Following the short-term profit maximization-motivated overfishing, the inshore marine industry has contracted by about 50% since 1976. The pilchard stock, in particular, has nearly been destroyed. As a result of this, only three or four of the eleven fish processing and canning plants are in regular operation and the seasonal peak processing employment has declined from 10 000 to about 4 000.

Having given a brief historical review of the fishing industry, in the following section the composition of the fish resources of the Namibian sea will be discussed.

#### 1.3.1. Fish resources of the Namibian Sea

The Namibian sea has a coastal line of about 750 nautical miles (nm). The sea off the Namibian coast forms part of the Benguela Current region. The shelf area from the shore to 200m depth is about 110 000 square km and then the bottom slopes steeply down to a depth of several thousand meters. This oceanographical system is characterised by high biological production resulting in

an abundance of fish resources. The waters off the western coast of Southern Africa contain one of the world's densest concentrations of marine life.

There are three main species of fish in the Namibian coast. Pilchard (Sardine) and anchovy form the pelagic inshore fish. The hakes(demersal) inhabit nearly the whole water column. In addition to these main species there are also some other species of fish and shellfish which are not in abundance but are of significant economic importance, e.g. snoek, king klip, sole, rock lobster and crabs. All of these species occur over a wide range along the Namibian coast and into Angola and South Africa.

Before the ruthless overfishing which led to the destruction of its stocks in South Africa around the mid-1960s and off Namibian by the mid-1970s pilchard was the largest of the fish resources in the Benguela current system. Namibia's stock of pilchard is separate from that of South Africa, but it extends into Southern Angola, where minor quantities are sometimes taken. Before the overfishing and destruction of the stock, pilchard was centred off the middle and northern coasts, but it also occurred in good commercial quantities towards the south, off Luderitz. The present small stock appears to be limited to the coast north of Walvis Bay. The pilchard is fished by purse seine and is used for canning and fish meal and oil.

The anchovy fish is found along the Namibian coast from about 26 degrees northwards to Angola. Its stock is also separate from that of South Africa, and like the pilchards, has a distinct inshore distribution. It is also fished by purse seine and it is used for fish meal and oil

only. The horse mackerel in the area is in two types, the Cape horse mackerel and the Kunene horse mackerel. It is fished in both trawl and purse-seine. It is produced frozen or for fresh meal and oil. The chub mackerel has a highly variable catch and the stock identity is uncertain. The hake has two species, *merluccius caensis* and *merluccius paradoxus* in the area. It is fished by trawl and used for frozen products, fillets, or whole gutted.

Of the other species of fish, kingklip is widely distributed along the edge of the continental shelf. Angle fish( monk) seems to be in abundance in divisions 1.4 and 1.5. West coast sole is, mainly seasonally between central Namibia and South African waters.

Among shell fish the rock lobster is found along the southern coast mainly on rocky inshore stretches between Luderitz and Easter Cliffs to the north. Several species of crabs are found in the Namibian water, both on the shelf and at greater depth along the shelf slope.

The concentration of pelagic fish in large stocks sustains large population of sea-birds and seals. The birds include penguins, gannets and cormorants. Some fur seal( the Cape fur seal) is found mostly south of Walvis Bay.

Having discussed about the composition of the fish resources it will now be in order to briefly look at the present state of the main fish stocks in the Namibian sea water.

#### The pilchard stock

The fate of this stock must be described as a collapse caused by depletion due to excessive fishing \19. Fishing of the pilchard ran at about a quarter of a million tonnes



in the 1950s catches and it increased to half a million in the 1960s. After the collapse of the South African pilchard stock in the mid-1960s the catches exceeded one million tonnes a year. In 1971/2 the decline of the pilchard stock became noticeable, but was followed by some recovery due to good recruitment. Over the period from 1967 to 1978 the total biomass of the pilchard stock declined from about 6 million tonnes to about 100 000 tonnes.

#### The Anchovy stock

The fishery of Anchovy started in 1968 when the anchovy seine were introduced. The annual catches fluctuated between 83 000 tonnes to 355 000 tonnes, but with lower yields from 1980. The biomass of the adult stock has declined.

#### The hake stock

The two stocks of hake were seriously overexploited in the period 1974-81, despite some efforts by the ICSEAF countries to manage these resources by various fishing regulations. One of the measures, the Total Allowed Catch (TAC), for example, had limited effect, as it exceeded the actual catches by more than 100 000 tonnes.

#### The cape horse mackerel stock

The fishing of this stock has expanded greatly with catches below 100 000 tonnes before 1970, then about 200 000 between 1970 and 1975 and fluctuating at around 500 000 tonnes since 1976. The stock is said to have had a three-fold increase during this period. By 1984 a reduced availability of the horse mackerel was noticed, but it was not known whether it was caused by a shift in distribution or a decline in the stock.

#### 1. 4. Industry

The industrial sector in Namibia is small and it has been deliberately designed to serve the interests of South Africa and her allies. The Southern African Customs Union (SACU) permits the free flow of manufactured goods from South Africa to Namibia, thereby curbing the growth of local manufacturing concerns. The main reason for lack of significant industrial development is the design of the colonial power to turn Namibia into a source of raw materials and a market for South African manufactures \20.

##### Structure and performance of the industrial sector

In 1960, the manufacturing sector accounted for about 9% of the GDP, but its contribution over the ensuing years declined. In 1970, for example, it was only 4.74% and remained constant since then. Food, beverages and tobacco products account for about 70% of the total value of processed goods in Namibia. Fish products, mainly pilchard and rock lobster, form major share of the value of all food products and together with meat products, dominate the food processing industry. Other industries include textiles and wood processing, manufacture of furniture, transport equipment and metal products. Small-scale and cottage industries such as potteries, metal working joineries, handicrafts, etc, exist too, but most of them use traditional techniques and produce durable and non-durable goods.

In 1967-8 there were 217 industrial units with a net output of R32 million, and a work force of 8 910 \21. In 1980, South African sources claimed that there were 251 industrial units in the territory \22. Another study

suggested that there are 950 industrial enterprises including 600 handicraft units and 150 small-scale artisan shops \23.

A major part of the manufacturing activities in the country is concentrated in the urban areas. The geographical distribution of seventy seven major manufacturing units was as follows:Windhoek and Okahandja(44%),Walvis Bay,Swakopmund and Rossing(27%), Tsumeb, Grootfontein and Otavi(8%), Luderitz(4%), Oshakati(5%),Rundu(3%) and others (9%). Of the seventy seven units 43% were engaged in food and beverages, 22% in rudimentary processing and iron and steel, and 13% in chemicals \24.

The white ownership of manufacturing is 100%, with the exception of the small "homeland" or "location" artisanal and handicraft sub-sector. Most of the enterprises are owned by individuals or family settler firms. Since South Africa regards Namibia as an integral part of its economy its current policy is designed to expose it to exploitation by South African industries, commercial and financial interests. The Namibian industrialists are not given tariff or non-tariff protection against competition from the long established and powerful South African manufacturing enterprises. The policies of the colonial South African power in Namibia are aimed at the speedy extraction of the Namibian raw materials for the development of South African industries and economy and leave Namibia as a market for the large quantity South African industrial goods. Lack of adequate protection has discouraged the establishment of new industries and led to the closing down of some of the existing ones.

### 1.5. External trade

Namibia's commerce is dependent on the level of economic activities in mining, agriculture and fishing. Over the period 1975-83 merchandise exports have fluctuated between 58% and 80% of the GDP, with an average of 67%. The primary sector has an overwhelming significance in the country's exports and the exports performance depends sensitively on supply, demand and conditions in the world markets.

Energy , especially oil products, electricity and chemicals(27%) top the list of Namibia's merchandise imports, while motor vehicles, machinery and equipment (21.1%) follow closely, and food items(18.9%) are third in the top three imports categories.

The trend of Namibia's imports has been dictated by the requirements of South Africa's philosophy of colonial exploitation of a mineral-led economy, its unjust war against the Namibian people, and the very uneven income distribution.

As a result of the South African colonial policy of discouraging the manufacturing industry in Namibia, most of the earnings from the Merchandise exports come from the primary sector.

## Conclusions and Recommendations

Like many ex-colonial countries, independent Namibia will inherit a lopsided economy, based excessively on the exports of raw materials, particularly minerals. As a result of the lopsided development, the country today produces what it does not consume and consumes what it does not produce. The colonial structures and institutions which were developed to serve the interests of the whites only should therefore be dismantled after independence and be replaced by the ones which fit well with growth and equity.

The mining sector has no linkages with other sectors of the economy. It should therefore be integrated into the other economic sectors after independence and bring it into harmony with the objectives of national reconstruction and to ensure that Namibia derives maximum benefits from her minerals.

The existing trade structures and relations in Namibia symbolise the traditional colonial philosophy of extracting raw materials from the colony and make it a captive market for manufactures and agricultural products from the metropolitan. Diversification of trade in new Namibia will imply cultivation of new markets for the country's exports and imports. This would also imply development of maritime activities to cope up with the new economic order in new Namibia.

As regards fisheries, the stocks of fish and other exploitable organisms in the sea represent renewable resources that can be exploited, managed and utilized for the benefit of Namibia. The Namibian marine resources are

controlled by South Africa and other foreign interests and only few benefits accrue to the people of Namibia. When Namibia becomes independent, the new government should take control of these marine resources, and exploit and manage them as a source of wealth for the Namibian people. Fishing can contribute to the nation in several ways:

- \_ as food with a huge nutritional value
- \_ as an export commodity
- \_ creation of employment opportunities
- \_ development of industries - marine related
- \_ income to the nation through licence tax
- \_ may provide inputs such as fish meal to other sectors.

The present fisheries policies and systems of management do not make proper use of the potentials of the Namibian fish resources and they led to the overfishing or depletion of the important stocks.

1) One of the immediate steps the new government in independent Namibia should take with regard to fisheries management should be to proclaim a 200nm Exclusive Economic Zone (EEZ), which is provided for in the Law of the sea Convention. Through this, the government can extend its jurisdiction over fisheries up to 200nm. This will give the government the legal right to manage the fisheries in accordance with its own objectives, to develop local fisheries where appropriate and extract fees or other benefits from foreign fishing. Management methods, such as licensing, Total Allowed Catch (TACs), etc., can be employed.

2) A fisheries Administration should be established. It is proposed that it falls under the Ministry of Economic Affairs and natural resources.

3) Negotiation should be made with foreign fishing

companies on fishing of surplus resources and possibilities for joint ventures in processing.

4) Training of personnel for the whole fisheries sector should be organized.

5) The government should introduce and enforce strict resource management regulations, establish a system for the collection of statistics and to start fish resources research.

## CHAPTER II

### EXISTING MODES OF TRANSPORT IN NAMIBIA : Their bearing on the economy and interaction with each other

The transport system in Namibia has been influenced by the size of the country, climatic conditions, apartheid policies, location of economic activities and the low density of population. The northern areas of the country, where the vast majority of population lives, were, until the construction in the late 1970s and early 1980s of roads and aerodromes to meet the war requirements of the occupation regime of South Africa, excessively short of transport links.

The economic activities are concentrated in four scattered areas, viz, the Grootfontein-Otavi-Tsumeb triangle in the north-central region, Windhoek in the Centre, Walvis Bay-Swakopmund-Arandis on the central coast and Oranjemund on the extreme southern coast, and the rest of commercial production scattered

The stress of the economy, as said earlier is on the extraction and export of the territory's mineral, agricultural and fishing resources. The mineral exports range from bulk mineral cargoes, such as copper and lead, which are mostly transported by rail and sea, to diamond, which can be transported by plane. Mines, thus demand an extensive transport infrastructure, ie. sea, rail, road and air. The major imports include oil, coal, mining equipment, iron and steel, generators, tractors, cement, grain, other food items and consumer goods.

Most of the foreign trade is either with or through South



Africa. The deliberate South African policy to retain the Namibian market as a dumping ground for its own products has made the South African transport connection dominant. Most of the agricultural and fishing exports go to South Africa. The existing transport system in Namibia is thus highly influenced by the orientation of the colonial economy. A bulk of the cargo between Namibia and SA is moved by rail or road, but some external trade is handled by the ports. The entire railway system, road services, harbours and air ways in Namibia are controlled by the South Africa Transport Services (SATS), under the Ministry of Transport. The major components of the transport system will be discussed individually in the consequent sections.

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## 2.1. Maritime Transport and shipping

Namibia has two functional natural harbours, Walvis Bay and Luderitz Bay. Swakopmund, which used to be the main port of Namibia during the German colonial rule was abandoned as a port after South Africa has taken over control of Namibia in 1915, leaving the country with only two functional ports.

Walvis Bay, the country's only deep waterport, which has been its economic life line to the outside world for more than 150 years is claimed by South Africa to belong to South Africa. This unilateral attempt by South Africa to destroy the territorial unity and integrity of Namibia and act of colonial expansion has been strongly objected to and overwhelmingly condemned by Governments, the United Nations and SWAPO. A lot more is said about Walvis Bay in Chapter IV of this paper.

Luderitz Bay, the only other functioning port is only

capable of handling light cargo and, furthermore, it is relatively far from the hub of economic activities in the hinterland. Starved of state investment, Luderitz has only 150 meters of wharf and a very limited cargo handling and storage facilities.

The water alongside the wharf is only about 6 meters, too shallow to accommodate ocean-going freighters. Sea-going freighters are, thus, loaded and unloaded with the use of lighters. The lighterage system is, however, slow and expensive, as it involves double handling of goods. Furthermore, the rail link to the interior has a low carrying capacity. The turnover of cargo handled in Luderitz briefly reached 100 000 tons in the late 1960s, but declined to nearly a quarter of this in the later years. Luderitz has a rocky bottom, extending close inshore, which would make further dredging extremely difficult and costly. The port would require massive investment if its capacity is to be augmented.

The Ports in Namibia, like in South Africa itself, are controlled and operated by the South African Transport Services (SATS), a state department, under the direction of the South African Minister of Transport Affairs and managed by the General Manager, whose headquarters are in Johannesburg (SA). The local control of the harbours is exercised by the Regional Manager through:

- a) The port captain, who controls the movements of shipping into, out of, and within the harbours, pilots, tugs, launches and berthing staff.
- b) The port manager who controls the wharf, cranes, cargo sheds, cartage plant, harbour operational staff, etc., in consultation with the port captain, decides where the ships are to be berthed.

The SATS is responsible for the provision of a wide range of harbour services, such as light houses, radio beacons and other navigational aids, pilots, pilot tugs, berthing, towage tugs, berthing staff, cranes, rail connections and road ways, shore labour for shipping and discharging, tally clerks and checkers. The harbours are connected with the land railway system. There is a privately-owned plant at Walvis Bay, used for shipping ore, with a loading rate of 300 tons per hour.

The South and South-East African conference member lines operating between ports in Europe and Southern Africa within the range Walvis Bay/Chinde provide sailings to and from Walvis Bay. Containers are transported to Walvis Bay from the South African three main ports ( Durban, Cape Town and Port Elizabeth) by feeder service coastal vessels.

## 2.2. Railways

The existing railway system in Namibia, like other modes of transport, is controlled and operated by SATS. At present the majority of cargo between Namibia and SA is carried by rail.

Railway building in Namibia began in 1887 when the Germans launched the project to build the Staatsbahn from Swakopmund \1. The line was completed to Windhoek by 1902 and to Otavi and Tsumeb by 1906. A southern system from Luderitz reached Aus in 1906, and Keetmanshoop and Karasburg in 1908 and 1909 respectively \2. In 1912, the Windhoek-Mariental-Keetmanshoop line was completed, linking the two systems \3.

The South African additions were Nakop-Karasburg, linking Namibia with the South African railway system, Walvis Bay-Swakopmund in 1915, Otjiwarongo-Otavi spur in 1930. The addition of Walvis Bay-Swakopmund shifted the main port from Swakopmund to Walvis Bay, whereas that of Nakop-Karasburg turned Namibia's external trade from an ocean orientation to a basically land one. The Namibian railway network now consists of 2 340 km track (see Appendix III). The main rail track runs South-north from the South African town of Uptington, entering Namibia at a small border town of Ariamsvlei. While a spur line goes to Luderitz, the main line continues northwards through the towns of Keetmanshoop and Mariental, to Windhoek, 887km from Ariamsvlei. A second main line through Usakos and Swakopmund connects Windhoek to the country's main port, Walvis Bay. From Windhoek comes an off-shoot eastward to the livestock town of Gobabis. The line from Walvis Bay joins the main line from the South through Otjiwarongo to the mining and ranching towns of Outjo, Grootfontein and Tsumeb.

### 2.3. Roads

Like the railway, the main road network of Namibia runs South-north, with an east-west axis in from Walvis Bay/Swakopmund \3. The arterial road network includes a south-north highway entering Namibia from South Africa through Ariamsvlei running to Karasburg, Grunau, Ondangwa and Oshikango on the Angolan border, and the plateau to coast highway, Okahandja-Swakopmund-Walvis Bay. In most cases these highways run parallel to the main railway and its branch lines. Some of the important branch roads are Grunau-Noordoewer-South Africa, Keetmanshoop-Aus-Luderitz, Windhoek-J.G.Strijdom Airport, Otavi-Grootfontein-Tsumeb, Grootfontein-Rundu and Rundu-Katima Mulilo.

By mid-1981 the length of two-lane tarred roads amounted to 3 751km. In addition to this there were also more than 33 200km of gravel roads, which together with sandy roads made up a total road network of over 58 200km. Since 1981 further rapid improvements increased the length of tarred roads to more than 4 000km. This included the completion of the Keetmanshoop-Luderitz and Grootfontein-Rundu roads. These improvements were partly prompted by the transport demand for the colonial South African regime's war adventures.

The existing transport infrastructure has been designed for the benefit of the white miners, industrialists, farmers, tourists and the armed forces, at the expense of the needs of the indigenous population \4. About two-thirds of the road network is in the "white" areas.

Although the internal trunk network is extensive there are serious deficiencies in external links, because Namibia has no rail or tarred roads links with independent African countries. A gravel road exists between Gobabis and Mamuno on the Botswana boarder to Kazungula ferry, which in turn, links Botswana and Zambia \5. The road from the Kazungula ferry to the Victoria Falls Bridge connects Namibia to Zimbabwe and there is a good route inside Botswana and the rail line to Zimbabwe.

#### 2.4. Air Transport

Air transport has a vital role to play in the transport system of Namibia because of the vastness of the country and the inadequacy of the surface transportation system. There are 110 airfields in Namibia, which include one international airport and six airports used by scheduled passenger services.

Namib Air has twenty-one aircrafts, used essentially for internal flights. Intercontinental flights via South Africa operate from J.G. Strijdom Airport, whereas most regional flights operate from Eros, Windhoek's domestic Airport, Walvis Bay, Keetmanshoop and Luderitz and Oranjemund. These towns, in addition, are served by internal flights, which also serve other places such as Tsumeb, Grootfontein, Namutoni, Ondangwa, Rundu, Katima Mulilo and Swakopmund.

With the escalation of the war in Namibia (which has just ended) the occupation army of SA established a large number of military airfields, especially in the war zone in the northern part of the country. The standards of the main civil airfields are reasonably high \6. If the major Grootfontein, Walvis Bay, Ondangwa, Katima Mulilo, Windhoek and Keetmanshoop military air base run-ways, control towers, hangers and workshops are secured in working order, independent Namibia will inherit a good civil aviation infrastructure \7. At present Namibia is served by South Africa Airways (SAA) for international flights and most regional ones.

### Conclusions and Recommendations

The South African policy to retain Namibia as a captive market for its own products and as its cheap source of raw materials has made the South African transport connection dominant. The orientation of the economy, thus, underlines the existing development of the present transport system in Namibia, which is essentially south bound. As no sound transport connections have been established with neighbouring countries such as Botswana and Angola there will be difficulties trading with these neighbours, to whom Namibia should extend its hinterland.

The following recommendations could be of some use :

1) After independence a Ministry of Transport should be established and should run the country's whole transport system. The country's transport system should thus be disengaged from SATS.

2) The routing of most of Namibia's external trade(exports and imports) via South Africa should be gradually diminished and be channeled, instead,through the country's ports, particularly Walvis Bay, on the following grounds.

\_ Namibia is not landlocked, so it has no natural barrier for freedom of choice of markets for its imports and exports.

\_ South Africa has no natural market monopoly over any of the products exported or imported by Namibia.

\_ South Africa has not been an apparent low cost supplier of the goods that it has been supplying to Namibia.

\_ The routing of Namibian imports via South Africa is expensive due to double handling, agent fees, customs,etc.

3) Rail and tarred roads connection with neighbouring countries should be established. In this regard the following specific proposals are made:

\_ The TransKalahari railway which has been long proposed by Botswana should be constructed. Its construction can be a a joint project between the two countries. Namibia will be the fourth SADCC coastal member state and such a railway will put her in position to export transport and transit services to the landlocked SADCC countries,thereby extending her hinterland.

\_ The existing,but aged and worn-out gravel road between Namibia and Angola should be rehabilitated and be tarred. It is also proposed that a railway line connecting Namibia to Angola should be constructed. Again this could be a

joint project between the two countries, as it will be to the mutual benefit of both to do inter-trade. This will also be of vital importance as Angola could become an effective trading partner to Namibia, especially for fuel.

\_ Finally, the internal transport system, especially the gravel roads and aerodroms which were constructed during the liberation struggle to support South Africa's war machinery should be improved upon and be converted to useful order.



## CHAPTER III

### GENERAL OBJECTIVES AND CONSIDERATIONS FOR INVESTMENT IN SHIPPING IN INDEPENDENT NAMIBIA.

#### 3.1. BACKGROUND

The scope of the concept shipping development goes beyond tonnage acquisition. It also means the ability of developing countries to gain for themselves a significant and increasing share of the gross income generated by the world maritime transport industry /1. The increased participation of developing countries in the world gross revenue generated from shipping can be achieved by running merchant marines to participate in the seaborne trade and by generating as much as possible the various services needed by the foreign flags calling at national ports or related to the maritime transport in general. In this chapter, however, emphasis will be put on considerations related to the development and operating of a merchant marine, whereas the other maritime transport-related services will be looked into in the consequent chapters. As regards the development of merchant marine in Namibia, the discussion leans more on liner shipping.

Namibia, which presently is under the colonial rule of South Africa does not have a merchant marine. The country is now on its way to political independence. As was seen in the earlier chapters, Namibia has an open economy, which is substantially dependent on foreign trade for exports, on one hand, of its vast natural resources, mainly minerals, and imports, on the other hand, mainly mining equipment and consumer goods. A great deal of its foreign trade is seaborne and the present volume of the

country's seaborne trade is likely to increase substantially after independence. This would, in turn, lead to an increased demand for shipping services in terms of tonnage supply and the variety of services related to the maritime transport in general. This situation would make Namibia to embark on investment for the development of its shipping industry after its independence. In this chapter an attempt is made to give the general objectives and considerations that an independent Namibia could set out for the development of the shipping industry after its independence. Generally speaking; the criteria for the development of shipping in developing countries is the same. In this regard these considerations and objectives will be discussed at a general level and their applicability to the Namibian situation will be evaluated in the process.

Transport is an integral part of the production process and, therefore, has a direct bearing on a country's economy and development /2. The very survival of a nation depends fundamentally on the movements of the goods it produces and receives in exchange from other nations /3. This is unquestionably true of Namibia too, whose economy is dependent on the movement of its mineral-led exports and imports. While the transport system is not the only determinant of economic development it is a decisive factor. The casual relationship between the existence of a transport system and economic development has a two-way effect, which means that transport influences economic development and vice-versa. The structure and speed of development of a national economy depends substantially on the extent and quality of the transport system. A particularly important link between transport and development is in international

interactions, where the maritime mode of transportation is the connecting link. Whenever people consume more products or products other than those which their community is producing itself a system of transport is needed to bridge the gap between production and consumption centres /4. This is true both within the national economy and in international trade.

International trade is very vital for economic growth and welfare. It is one of the decisive factors for stimulation of industrialization and growth of local markets for goods and services. A country needs a functioning transport system in order to involve in international trade. While all modes of transport can serve international trade, maritime transport is of utmost importance, particularly to developing maritime countries, of which Namibia is one, who rely on it for exporting their products and importing their essential requirements. About 75% of all cargoes exported in the world are seaborne. This percentage reveals the significance of maritime transport which is the most important mode of transport serving the world trade.

While maritime transport is important to developed countries too, especially those, due to their geographical locations, are entirely dependent on it, it could be said that this type of transport is relatively more important for developing countries. The reason for this is that export trade of most developing countries comprises primary products and since they lack technological means for processing them they are mostly exported to developed countries, in exchange for processed commodities. This makes inter-trade between developing countries low or non-existent in most cases. In the case of Namibia, apart from

trade with neighbouring South Africa, which exists by virtue of the colonial linkage of the former to the latter, Namibia has no trade with its neighbouring countries, though this is partly dictated by the present colonial politics. The other reason for the heavy dependence of developing countries' foreign trade on developed countries is connected with the historical ties which link many countries to their former colonial powers.

The share of the developing countries in world shipping is very small as compared to their share in the volume of world trade. The developing countries generate about two thirds of world trade, whereas they possess merely 12 per cent of the world shipping tonnage. The share of developing countries in shipping stands out in sharp contrast to their level of participation in world trade. The continuation of dependence on shipping services controlled by the developed countries is unacceptable to developing countries. This dependence on foreign operators has unfavourable implications for the already serious balance of payments problems of the developing countries. The group of countries that control shipping are primarily profit motivated, hence the decisions of their enterprises are more closely linked to profits than to those of service to trade. It is therefore unfair to leave a vital part of our national product to depend on the profit motive of a group of foreign private enterprises. National carriers can reasonably be expected to be more closely linked with the particular economic and commercial interests in the country than foreign carriers /5.

### 3.2. INSTITUTIONAL ARRANGEMENTS IN SHIPPING

Before analysing the specific considerations and objectives for shipping development in Namibia it would be a logical progression to first briefly hint on institutional arrangements in shipping. Differences exist in the different types of markets for shipping services, as well as in the institutional structure of these markets. Shipping services fall under two major markets, ie. liner shipping and bulk shipping.

#### 3.2.1. Liner shipping

Liner shipping is different from bulk shipping in both the market structure and the transport process itself. Liner shipping is a form of ships operation over regular trade routes, between the same ports, following the same itinerary indicated in the published sailing schedule. The connections are maintained with a fixed frequency, independently from the load factor of ships employed. The cargoes transported in liner shipping are "general cargoes" ie. a heterogeneous group of cargoes carried usually packed in cases, cartons, drums, bags, etc. The freight market in liner shipping comprises two elements ie. supply of tonnage, on one hand, and demand for tonnage, on the other. The former is represented by ships of liner companies, whereas the latter by shippers.

Supply of shipping services in the liner market is dominated by shipping conferences, which are cartel type co-operative agreements among shipowners serving the same trade route, aiming at restricting price competition and, depending on the individual conference, allocating cargo shares, sailing quotas, revenue shares, among member lines.

There are about 350 Conferences in existence all over the world. In order to eliminate internal rate competition among its members and to confront external competition from outsiders, the conferences make fidelity agreements with shippers. There are two basic such agreements, viz., deferred rebate system, whereby a shipper loyal to the conference receives a reduction of freight paid to him after a certain period of time, and dual rate system, whereby a shipper signs a contract with a conference and receives immediately a reduced rate of freight. Conferences impose unilaterally, the freight rates. The basis for freight rate change is kept confidential.

### 3.2.2. Bulk shipping

As contrasted to liner shipping, bulk shipping comprises the shipment of unpacked commodities moving in full ship loads. The major bulk commodities are crude oil and products, iron ore, coal, grain, phosphate, bauxite and aluminum. Some 80-90% of world seaborne trade is said to be moved in bulk, 40% of which is generated by developing countries. Prices for bulk shipping services are determined by an interplay of demand and supply. The major chartering arrangements are:

- a) voyage charter: the shipowner undertakes to carry a certain consignment from Port A to Port B
- b) time charter: the shipowner places the equipment and manned vessel at the disposal of the charterer for a specified period of time.
- c) bareboat charter: the shipowner places the equipment and manned vessel at the disposal of the charterer for a specified period of time.

Having made a brief distinction between the liner shipping

and bulk shipping the next part will concentrate on the specific considerations for shipping development in Namibia. For the purpose of this paper, concentration is mostly put on liner shipping. By investing in shipping development the developing countries, including Namibia, the country at stake, can reverse and reduce the negative effects of shipping underdevelopment and dependence, some of which have been hinted on briefly above, and to attain specific economic, commercial, social and political objectives and advantages discussed below: For the sake of clarity, they are broadly categorised into Political and strategic considerations and Economic considerations.

### 3.3. POLITICAL AND STRATEGIC CONSIDERATIONS

#### 3.3.1. Political and Economic Independence

The creation of a national fleet is an important element in attaining and maintaining national independence /6. A country which has no national merchant marine will have to rely entirely on foreign shipowners and services for its foreign trade. Individual shipowners take commercial profitability as the primary consideration for their operations. If the trade of a country dependent on these foreign shipowners and services does not provide sufficient profits, then the dangerous possibility exists that transport services might be withdrawn, or provided in old or unsuitable vessels, or at a very high cost. The establishment of the country's own merchant fleet could minimise these risks.

Furthermore, transport services to a country might be disrupted during hostilities, even in which the country is not involved. This can be the case because parts of the foreign lines serving the country might be withdrawn.

This situation can lead to the increase of freight rates charged due to changes in the supply of tonnage. Such situations were experienced during the two World Wars and other known conflicts elsewhere in the world. According to UNCTAD, one of the developing countries badly affected by this kind of problem during the second World War was Argentina, whose foreign trade declined by 60% between 1939 and 1943 /7. If the country has its own fleet it can at least service the key imports and exports during disruptions ,in order to avoid the occurrence of the dangerous situation of economic stagnation, which can be ruinous to the nation. To an independent Namibia the validity of this argument goes without saying.

The existence of a national merchant marine, further, enables developing countries to reduce economic and trade dependence from their former metropolises and to develop economic and trade relations with all nations willing to co-operate with them. In the case of an independent Namibia the establishment of a merchant marine would enable her to disengage her economy from the South African economy into which it is today integrated by virtue of the present imperial/client relationship between South Africa and Namibia. This will also enable future Namibia to establish economic and trade relations with some other nations as it suits its economic and commercial policies. The reduced economic and trade dependence could also strengthen Namibia's political position vis-a-vis other countries, particularly South Africa, which is well known for the use of its economic strength for political manipulation of other countries in the region.



### 3.2. ECONOMIC CONSIDERATIONS

#### 3.4.1. Balance of Payments

Shortage and scarcity of foreign exchange is a severe problem that persistently haunts developing countries. The consumption of foreign shipping services is accompanied by payments in foreign exchange. Freight costs for exports and imports have to be paid in foreign currency, which aggravate the already critical problem of the Balance of Payments. It is a well-known fact that the developing countries bear a major part of the costs of transporting both their exports and their imports. The establishment of a merchant marine in a developing country, like Namibia, might have some positive echoes on its Balance of Payments.

Upon independence, Namibia will require a lot of foreign exchange in order to develop its economy and to meet the aspirations of its people. It will therefore be necessary for it to minimise the outflow of foreign exchange and maximise foreign exchange earnings. This can be sought by promoting foreign earnings from shipping activities, as well as by minimising the net outflow of foreign exchange from the country because of shipping transactions.

Establishing and involving a Namibian flag shipping merchant marine in transporting cargoes to and from foreign countries can become both a foreign exchange earner and foreign exchange saver for the country. It should, however, be noted here, that increasing participation of a national flag shipping in the carriage of national foreign trade can not be regarded as resulting into earning or saving foreign exchange equal to the value of freight rate receipts. The reason for the foregoing

statement is that a significant, sometimes greater, portion of the freight rate receipts is repaid abroad as to meet various parts of the total costs necessary for the production of the shipping services, when such payments are made to foreign firms having supplied any type of services needed by the national flag vessels.

In order for maritime transport to be effected efficiently in Namibia there would be a great need for Namibia to provide the great variety of services required by the international merchant marine. These services include proper manning of ships, maintenance and repair work, fuels and other supplies, agency work, bank services, telecommunications, port facilities, etc. The possibility of gradually developing these services in Namibia will be looked into in chapter V of this paper. Failure to provide these services locally would result into their continued acquisition from abroad, resulting into outflow of foreign exchange from the country and may erode the positive effects of shipping development in respect to the balance of payments improvement. Furthermore the availability of external financing will be essential for international merchant marine development, especially funds for vessels procurement. Repayments of loans and interest rates would have a claim on national foreign exchange reserves.

These are the factors related to the contribution of a merchant marine to the balance of payments, which an independent Namibia should seriously address itself to when considering to embark on the establishment of own merchant marine. Namibia can gain positive contribution to its balance of payments to the extent of the participation of its merchant fleet in the transportation of its foreign

trade of exports and imports. The participation in the foreign trade carriage would save the country some foreign exchange otherwise going to foreign carriers on one hand, and earn the country foreign exchange by carrying exports.

The main point here is that when Namibia addresses itself to the quest of the fleet-balance of payments it should weigh the two sides of the coin against each other ie. assessing the gains against the losses in order to arrive at the net benefit. Of course in the first years of the introduction of the fleet the net benefit might be negative. This is because there is a lot of foreign exchange payments to be made for capital costs. The purchasing of vessels would consume a lot of foreign exchange, the training of crews and employment of foreign crews in the early years would strip the country of lots of foreign exchange. However, in the end it may all pay back, if concerted efforts are made to provide nationally the wide range of services required by an international merchant marine.

#### 3.4.2. Export promotion

Developing countries are making efforts to widen and diversify their economies. Engaging in industrialization is one of the ways of diversifying the economy. Industrialization can stimulate the rate of economic growth and raise the welfare and living standard of the people. These factors imply increased demand for imports of capital and consumer goods on one hand and the need for expanding and diversifying exports on the other. Such possible development, in turn, should create increased demand for liner services corresponding, though, to the particular requirements of the trade of the countries

concerned \8. Under their organization, to date, liner services are designed to correspond to the trade requirements of the industrial countries in which most of the liner companies which offer these services are based and on whose trade they mostly rely rather than the trade requirements of developing countries /9. This is in terms of the type and size of ships, the technology chosen, the organization of the service, the trade areas served and the ports of calling. When there is no availability of direct transport to connect a developing country to the potential market of its exports then the development plans of the country could be in jeopardy.

The existence of a substantial national liner tonnage might further promote the export trade of the country concerned, by influencing the overall availability and adequacy of liner services linking that country with overseas markets and exerting a pressure upon the levels of freight rates at which the national trade is carried to-date \10. The national-flag carriers can reasonably be expected to be more closely linked with the particular economic and commercial interests in their country than foreign carriers. The development of shipping services in the liner sector could contribute to export promotion. The establishment of own merchant marine could be designed properly to the requirements of the country's export trade. The provision of shipping services is generally one of the most important prerequisites for the development of international trade \11.

A country may have an export potential in a given product, which, due to lack of shipping services or due to risks involved in the trade can not be exploited. Another situation may also exist whereby an existing export

commodity is under-exploited because the tonnage owned by the shipping lines serving the trade is fully employed, which, in turn, would make it difficult for undertaking new ventures. In both the two situations described here it would be to the benefit of the nation to establish own fleet and fill the gaps. The non-exploitation of the potential product or the non-expansion of the existing export trade might be caused by the high freight rates. In this case the use of promotional freight rates could be of vital help to promote the exploitation of the new commodity and expansion of the existing export trade. Promotional freight rates can also enable the export commodities to compete efficiently in the international market. Only a national-flag can, expectedly, and reasonably understand the situation. The income to the country may be increased, though the shipping services may show a deficit, which could be covered by the state. The earning of foreign exchange is also positively affected by the increased trade.

Establishment of a national merchant marine in an independent Namibia is also justifiable on the above-described grounds, because being a developing nation it may find itself entangled in these very situations.

#### 3.4.3. Influence in the Liner Conference

A bulk of the international trade of most of the developing countries is carried by conferences. These conferences regulate the liner trade in shipping in these countries. The structural mechanisms and functioning of liner conferences have attracted considerable attention in the developing countries. The liner conferences are dominated by the shipping lines of the developed

countries, who own the bulk of world shipping tonnage. The developing countries are inadequately represented in these conferences and in some cases they are not at all represented.

The headquarters of the conferences are usually located in developed countries. These features of the liner conference system have some repercussions on the shipping needs and trade requirements of the developing countries. The views of these countries are not reflected in the decisions of the conferences because even where their national shipping lines participate in the conferences, they are generally in a minority. The location of the headquarters of the liner conferences in the developed countries and their lack of high level local representation in developing countries can lead to an inadequate appreciation of the problems and special needs of these countries by conferences. In order to eliminate price competition among its members, the conference system adopted unilateral rate-setting procedures, exploiting its monopolistic powers, resulting in extremely high freight rates.

These monopolistic high freight rates harm the trade and development of developing countries as they inflate international trade transport costs. These costs, which have similar effects as customs tariffs are a decisive factor in determining a country's export potential. High freight rates render exports less competitive in the international markets. Since a great deal of key exports of developing countries is carried in liner conference ships they suffer this unfortunate effect. The high transport freight rates have also adverse effect upon industries of developing countries, especially on infant

manufacturing entities. Some developing countries are trying to diversify their economies in order to raise the living standards of their people by embarking on manufacturing concerns for the production of manufactured or semi manufactured exports, taking advantage also of low labour cost. In most cases the continued viability of such concerns is ruined by the high transport costs (caused by high freight rates), which tend to outweigh the savings from local labour utilization.

Apart from these factors, the high freight rates cause a lot of economic inconveniences on developing countries, as these countries tend to bear the incidence of freight cost of both their imports and exports. If freight levels rise, they tend to have to pay more for their imports, and at the same time their producers may receive less for the goods they sell overseas /12. Problems of the level and structure of freight rates faced by developing countries have been closely linked to the existence and the mechanism of the liner conference system /13. Many countries consider that the existence of liner services operated by national flag vessels is a means of ensuring that the discretionary element in conference tariffs is exercised in a way that is more favourable, or at least not detrimental, to their sea-borne trade /14.

The participation of national lines in the liner conferences serving their countries may enable them to have some influence in their decisions pertaining to freight rates. The circumstances that make it possible for one national line to exert its influence in a conference include other important factors in addition to membership of the conference. One of these factors is the share of the line in the trade concerned. If the national line has a big share in the trade it would be in a

stronger bargaining position to exert its influence in the conference decisions. The conference members will be aware that the changes brought by the liner's proposals will significantly not only affect them but the proposing national line too. The national line with a strong share in trade has the possibility of breaking away from the conference and operate as an independent outsider, if its demands are not met, which is an important factor too. Certain conference freight rate reductions have been ascribed to the actions of national lines within conferences. The reduction in the freight rate from US Dollar 16 to US Dollar 10 per ton on wire rod exported from Argentina to the United States of America and the reduction from US Dollar 20 to US Dollar 15 per ton in the freight rate on the export of steel tubes from Argentina to Venezuela are examples /15.

Vessels flying the national flag will be more aware of the particular needs and problems of newly-established industries because they are likely to be more interested in the growth of the economy than would foreign lines. By being part of the same national economy, national lines are closer to the enterprises, government departments, and individuals concerned than foreign firms can normally be expected to be. A national line in a conference enables direct expression of national views to the principals of the other conference lines abroad. In the absence of a national line in the conference such views would be expressed to agents, who may not be effective in transmitting them through to the principals overseas. This consideration is very important to Namibia in view of her export oriented economy. If her export product are to be rendered uncompetitive in the international market due to high freight rates than she will benefit less from them. The present economic policies do not make provisions



for the manufacturing of mineral products locally, let alone the manufacturing industry as a whole, as was indicated in the earlier chapters. An own fleet could be used to promote this industry through the use of promotional freight rates. The participation of the fleet in the liner conferences serving Namibia could enable it to have some influence in the conference in favour of the country, of course depending on its bargaining power and strength in given trades.

#### 3.4.4. Economic Integration

Namibia has a long coastline of more than 1000 km. Considering this long coastline and the vastness of the country, a shipping fleet linking the various coastal parts of Namibia could be a good supplement to the other means of transport available and will contribute to the integration of the national economy thus. The employment of a Namibian flag for cabotage trade would enable Namibia to avoid depending on foreign flags for her coastal trade and introduce cabotage restrictions if it so wishes. As Namibia is a prospective member of the Southern African Development Co-ordination Conference (SADCC), its coastal fleet could contribute to the provision of shipping services to the member countries, thereby extending the economic integration effect from the national to the regional level. When Namibia joins the SADCC, as an independent state, it will be the 4th coastal state in the regional economic body.

#### 3.4.5. Employment

The problem of unemployment is very acute in most developing countries, of which Namibia is no exception.

Establishment of a shipping industry in an independent Namibia could become a source of employment. The shipping industry, being capital intensive may generally not be a big source of employment, but it can significantly provide employment to skilled personnel, both seagoing and ashore on managerial posts. Investment in shipping creates employment of a relatively high quality in the shipping companies themselves as well as in the numerous support activities related to shipping. Shipping development in an independent Namibia can substantially contribute to the diversification of its economy. This is in view of the fact that shipping requires a wide range of services and supporting activities, which include ship repairing industries, financing and banking services, marine insurance, ships classification, ships supplies and equipment, training facilities for seagoing personnel and for managers, telecommunications, etc. Ship repairing and ship construction activities, in turn, give rise to demand for other industries like steel and metallurgical works, wood processing industries, electric industries, paints, etc. Therefore, apart from employment opportunities created directly in the shipping industry itself, more work opportunities can be generated by this chain of multiplier effects.

### 3.5. NEGATIVE FACTORS IN SHIPPING DEVELOPMENT IN NAMIBIA

The task of shipping development is not an easy one. It is very difficult and time consuming and would require concerted efforts and sound government policies in support of the process. There are several factors which are expected to act negatively in the process of shipping development in independent Namibia.

#### 3.5.1. Lack of skills

Namibia lacks the skills needed for both management purposes and for manning vessels. This problem is very crucial for Namibia and will hamper the fast development process of the industry. In the early years it will have to depend on hired manpower, which will, clearly, have adverse effects on the balance of payments and earnings from the industry. This factor can not stop until a lasting and effective solution to the problem of availability of trained manpower and managerial expertise is found. A fleet run by inefficient shipping executives would be uneconomical. Suggestions for overcoming this negative factor are given in chapter V of this paper.

#### 3.5.2. Lack of investment capital

Namibia, as a developing country, will not escape the problem of lack of investment capital. For Namibia this problem is compounded by the fact that, as a country just emerging out of centuries colonialism, it will have more enormous tasks of general reconstruction of the whole country. Merchant marines of developing countries are unavoidably faced with certain inherent disadvantages when compared with other, long existed, merchant marines, with large experience accumulated over time, which also enjoy other advantages created and consolidated in the past under different conditions, than those currently prevailing \16. The possibilities for having access to commercial banks loans or builders credits or other financial facilities are very narrow for non-traditional Maritime nations, hence Namibia, which is going to be a newcomer in the industry will inevitably experience problems in this regard.

The major problem in the area of shipping

investments is connected with the terms and conditions on which credit is availed. In most cases the granting of funds is tied to the placing of orders with shipyards in the donor country, thus depriving developing countries of the opportunity to buy ships from yards offering the best price/value ratio. Namibia may reduce capital investment by using secondhand vessels, by using leased or chartered vessels for its liner fleet, or through joint ventures with an established shipping line. This may offer a way of acquiring operational experience and market contacts.

#### 3.5.3. Shipping is a risky business

Shipping is subject to considerable fluctuations in demand. It is also affected by changes in vessel technology, rapid movements in exchange rates, national or international regulations, which can increase costs. The risky aspect of shipping is also a factor that can act negatively in shipping investment and which Namibia should also give a careful consideration.

#### 3.5.4. Open registries and subsidies

The existence of open registry shipping in the market, which uses low-wage crews to achieve lower transport costs may be an undercutting force for an emerging maritime nation like Namibia. The practice of some developed maritime nations of giving subsidies to their fleets can also have similar effects of limiting the potential benefits of sound shipping investment to Namibia by below cost price competition. In view of these negative factors it is very important that proper economic evaluation and feasibility studies are done before new investments are undertaken in this sector.

## CONCLUSION

In this chapter an attempt has been made to establish the justification for Namibia, after its independence, to establish its own national fleet and to develop its shipping industry in general. The main considerations and objectives, within the light of which Namibia should develop its shipping industry do not generally differ significantly from those of other developing maritime countries the world over. All the developing countries have a common cause i.e. development. Shipping will play a vital role in the national growth of independent Namibia in view of its export-oriented economy. Shipping fosters international trade, earns and saves valuable and scarce foreign exchange, generates and diversifies employment opportunities, guarantees continued flow of key imports and exports during disruptions and aids national and regional economic integration.

In view of this vital importance of shipping, the government of an independent Namibia should give maximum attention to the issue of shipping development. It is advisable that before embarking on a specific shipping development project it is of extreme importance that investment appraisal at the national level is conducted in order to evaluate the economic and social benefit of such projects. The discussion has also identified potential factors which can act negatively in the process of shipping development in Namibia, namely lack of skills, lack of funds, shipping risk, protectionism and open registries. Development of shipping tonnage to the effect of achieving the foregoing benefits can be achieved at cost. Enormous amounts of money would be involved. The success of shipping development and the realisation of these benefits in Namibia will be greatly influenced by the provision of services required for the proper

functioning of a merchant fleet, such as ship repair, crews, management skills, insurance, banking, spare parts and supplies, etc. Alternatively, instead of investing in tonnage development, investment can be made in services required by international shipping, which could also enable the country to benefit from the international cake of maritime business.

## CHAPTER IV

### A CLOSE LOOK AT WALVIS BAY : NAMIBIA'S MAIN GATEWAY TO SEA TRADE

#### 4.1. The legal status of Walvis Bay

Walvis Bay, a Namibian port town is situated on the western coast of Southern Africa, on the Atlantic Ocean, midway between the northern and southern borders of Namibia. As was mentioned earlier on, South Africa claims Walvis Bay to be part of the South African Cape Province. This colonial expansionist effort to annex Walvis Bay, Namibia's only deep water port, has been rejected and condemned by the International community and the Namibian people.

The South African claim is based on the annexation of Walvis Bay in the late 19th century by Britain, on behalf of the Cape Colony, which is now part of South Africa. Walvis Bay and an enclave surrounding it was proclaimed by Britain to be British territory on 12 March 1878 and on 14 December 1878 she authorised its annexation by the Cape Colony. The Cape Colony Administration delayed the annexation, hoping that Britain would annex more parts of Namibia on its behalf and it finally proclaimed Walvis Bay to be part of the Cape Colony on 25 July 1884.

For the next 30 years Walvis Bay was administered first by the Cape Colony and by the Union of South Africa, after the Cape colony became part of the Union in 1910. The direct link of Walvis Bay to South Africa was severed by the outbreak of the First World War. Following the defeat of Germany in Europe, Namibia, which was a colony of Germany, was given over to South Africa by the then League of Nations, in terms of a C class Mandate of the League.

Walvis Bay was transferred back to Namibia by the South Africa Act 24 of 1922 that stipulated that Walvis Bay shall be administered as if it were part of the mandated territory. It was also brought under the legislative authority of the Administrator as regards locally-made laws, and South African legislation imposed on Namibia was routinely applied to Walvis Bay \1.

For over a half a century the status of Walvis Bay remained indistinguishable from that of Namibia , which was ruled by South Africa first through a Mandate, then, after 1906, as an illegally occupied territory \2. In 1977 South Africa repealed Act 24 of 1922 and annexed Walvis Bay to South Africa. The objective of South Africa's annexation of Walvis Bay is to deprive independent Namibia of an independent access to sea, as Walvis Bay is Namibia's only deep sea water port and to ensure its continued economic dependence on South Africa. The arbitrary and unilateral annexation of Walvis Bay by South Africa was condemned by the Namibian people and the international community.

There are several arguments against South Africa's unilateral annexation of Walvis Bay. Firstly, Walvis Bay is geographically separate from South Africa. Secondly, its population is ethnically and culturally distinct from that of South Africa and most of the black residents were either born in Walvis Bay itself or elsewhere in Namibia. The black people lived in Walvis Bay long before the colonisation, and in 1976 they formed over three-fifths of the enclave's population. the whites living there are mostly South -African born and settled in Walvis Bay as a result of colonisation. Thirdly, the enclave's status was subordinated to that of South Africa in an arbitrary



manner. The South West Africa People's Organization, SWAPO of Namibia, which is recognised by the United Nations General Assembly as the sole and authentic representative of the Namibian people has consistently maintained that Walvis Bay is an integral part of the Namibian territory and it denounced the annexation "an aggressive violation of Namibia's territorial integrity". The United Nations also condemned the annexation. The General Assembly, which is charged with the responsibility of enabling colonial peoples to exercise their right to self-determination, condemned the annexation as illegal and declared Walvis Bay to be "an integral part of Namibia, with which it is inextricably linked by geographical, historical, economic, cultural and ethnic bonds" \3. The Declaration on Namibia in April/May 1978 described the annexation as "an act of aggression against the Namibian people", and South African military bases in the enclave as " a threat to the national security of Namibia".

The UN Council for Namibia, as the legal government of Namibia, played also an important role in alerting the world to South Africa's moves in this regard. In a comprehensive statement adopted a week after the annexation, the Council condemned it as illegal, an act of colonial expansion, and a violation of Namibia's territorial integrity \4. The independence for Namibia cannot be complete without the recovery of Walvis Bay from South Africa \5.

This section is being concluded with a summary of the position of the UN Council for Namibia on Walvis Bay: 1) Walvis Bay and the offshore islands of Namibia are an integral part of Namibia historically, legally,

economically and politically and any decision by South Africa to annex Walvis Bay is therefore illegal, null and void.

2) At independence the United Nations will affirm the responsibility for Walvis Bay and the offshore islands of Namibia 16.

4.2. The economic importance of Walvis Bay Walvis Bay is for a number of reasons a vital ingredient in the Namibian economy. Being Namibia's only deep water port, Walvis Bay handles nearly all of the country's sea-borne trade and it is the only high-volume alternative to the overland railway through South Africa for its heavier imports and exports. The only other alternative, Luderitz Bay port, has inadequate depth (6m), which is too shallow for ocean-going vessels, lacks a heavy duty rail link and is far to the south of the main centres of production and consumption. Walvis Bay is also a key instrument for the effective utilization of the fish resources as the base for the fish industry. The port town of Walvis Bay is thus an integral and indispensable part of the Namibian economy.

Walvis Bay's geographical position has always made it the natural point of access to the sea for the trade of central and northern Namibia. A localised barter trade developed at Walvis Bay in the 16th and 19th centuries, whereby the Khoisan inhabitants supplied cattle and goats to visiting ships, principally whalers, in return for manufactured products. European and South African traders began to tap the large Herero cattle herds in the interior, exporting them to the victualling posts of the Cape and St. Helena in the mid-19th century. From the

1840s onwards, as ivory exports expanded rapidly and white traders pushed into the interior of Southern Africa, Walvis Bay became the terminus of a substantial trade to and from central and northern Namibia, with sea connections to the Cape and Europe \7.

In the 1880s the German colonial rule in Namibia diverted the interior trade to Swakopmund in order to avoid dependence on the Cape Colony held Walvis Bay and it linked Swakopmund to Windhoek by rail at the turn of the century. After South Africa took over Namibia from the German colonial authorities in 1915, Walvis Bay was re-integrated into the Namibian colonial economy and within a year a rail link was constructed, connecting the Bay to the terminus of the main railway line at Swakopmund, which was abandoned as a port. The state-owned South African Railways and Harbours (SAR&H) took over the running of the Bay's railways and port in 1922 and in the mid-1920s built a small wharf and dredged a channel. Within the next half-century South Africa built up the Bay as Namibia's only trading port \8. It soon became a vital link in the Namibian economy, based on export-oriented primary production, principally of cattle, karakul pelts, minerals and fish, and dominated by settlers, large companies and transnational corporations \9.

As was seen earlier on, this strategy made Namibia highly dependent on its international trade, with about two thirds of its GDP being exported and most of its manufactured and capital goods as well as all its bulk fuel and half its basic foodstuffs imported. With the exception of high-value commodities such as diamonds and uranium, which can be air freighted, the South African policy has channelled the Namibian external trade to two

routes only, Walvis Bay and the railway to South Africa. Of the alternative ports, Swakopmund was rapidly abandoned after 1915, while Luderitz's share of sea-borne trade had declined to a fractional two to three per cent by weight by the mid-1970s \10.

Trade with South Africa is mainly carried overland by rail, whereas trade with other industrial countries passes through Walvis Bay. Cattle are mostly transported by rail to South African markets. Nearly all base mineral exports are exported abroad via Walvis Bay. For imports, bulky commodities such as coal, building materials and grain, which mostly originate from South Africa, are transported by rail, while fuel oil and the majority of manufactured goods are landed at Walvis Bay, either directly from overseas or forwarded from South African ports. In general, sea-borne imports have grown in line with the expansion of the commercial economy, while exports have been dominated overwhelmingly by just two categories, mineral ores and fish products.

Commercial output and consumption in Namibia was very low before 1945. Apart from a few small mines, Tsumeb, the country's largest underground mine, was the only producer of base minerals. Exports of ore via Walvis Bay were below 100 000 tonnes a year. After the Second World War a rapid expansion occurred in the farming and mining sectors and the volume of imports via Walvis Bay tripled. Investment by transnational corporations, especially in the large Tsumeb mine, made Walvis Bay a major ore terminal and the volume of ore exports averaged 270 000 tonnes a year between 1953 and 1980. During the 1960s ores and fish products, mostly fishmeal, made at least three quarters of Walvis Bay's exports, and although statistics for the

1970s are incomplete, the pattern was very similar until the collapse of the fishing industry after 1976 \12. The present harbour of Walvis Bay is almost entirely post-war in construction. The volume of goods handled in the port increased from below 200 000 tonnes per year in the mid-1940s to 1.5 million tonnes 30 years later. The number of ships that called the port increased from an annual 250 in the mid 1950s to 1 200 in the 1970s, with an average turn-round of over three ships a day.

In 1983, Walvis Bay had a harbour capable of handling most of Namibia's bulk exports (ore and fish products) and warehouses also provided a forwarding centre for several commodities produced locally or nearby. The most important were the products of the local fish factories, cartons of canned pilchards, oil, which was stored in tanks connected by pipeline to the factories and the harbour, and meal, much of which, like ore, the rainless climate allows to be stock piled in the open \13. Some of these products were railed rather than shipped to South Africa. Salt output from the local salt works north of Swakopmund and just south of the Bay was trucked to the port for forwarding to its South African market, mostly by train, although stepped up production later led to some quantities being dispatched by sea from the Bay.

The cold Benguela current, which broadens from about 160km wide at the Orange River on the South African /Namibian border to more than 240km north of Walvis Bay, affords one of the world's richest fishing grounds, both in deep-water white fish and in coastal pelagic (surface-feeding) fish. Walvis Bay has been playing a central role in the utilization of Namibia's fish stocks since the late 1940s. It is at Walvis Bay that the massive catches of pilchards and anchovies have been landed and pilchards and anchovies

have been landed and processed. It is from Walvis Bay that the South African companies that control the fishing industry have repatriated their large profits. Fish factories and related business built up a large work force drawn from all over parts of Namibia, dependent on employment at the Bay.

The fish industry has, however, suffered from retarded development as a consequence of South African policies, the illegality of the South African occupation of Namibia and the priorities of company investment, resulting in both the over-exploitation of inshore fishing and the under exploitation of deep-sea fish stocks. Until the recent collapse of the industry its output of canned fish and fishmeal supplied most of Namibia's requirements, albeit through South African marketing organizations \14. So far we have discussed the economic importance of Walvis Bay to Namibia, as the country's only major and deep-water port, as the country's high volume trade route and as the base for the fish industry. We shall now look at its role after independence.

After Namibia has attained independence from South Africa the present pattern of trade should be changed. There is a self-serving over-generalization by SA and its friends that Namibia's economy is hopelessly dependent on that of SA; and that whatever the political and ideological colour of the government which will emerge from UN-supervised elections in Namibia, that government will have to toe the Pretoria line, if Namibia is to survive economically \15. This is essentially a false argument \16. A close examination of the mining equipment, which tops the list of Namibia's capital imports, reveals that most of it is largely manufactured in Europe and North America and

supplied by European and North American markets. As such, instead of importing this equipment via SA an independent Namibia can import it directly from the manufacturers, via its ports, Walvis Bay mainly. Furthermore, unlike much of the South-Central African countries, Namibia does not need access to South African rail routes or ports to transport its goods to the international markets, the claim for sovereignty over Walvis Bay by South Africa notwithstanding \17.

For example, the transport of tens of thousands of live cattle to South Africa by railway for slaughter and processing at South African abattoirs and plants is designed to give the South African Meat Board a complete monopoly of Namibia's beef export \18. As a result of this policy the Namibian commercial ranchers suffered a lot of losses, as they have to pay for the long and unnecessary transportation of live cattle to slaughter houses in South Africa. The policy also made Namibia to forego the development of its own slaughtering, cold storage and processing industry and denied its direct access to the lucrative European, middle eastern, Asian and other world markets.

The present trading pattern in Namibia set by South Africa, denied Namibian food producers high earnings from their exports because they are prevented from exporting directly to overseas markets, where they have chances to earn more than what they earn from SA, where they are forced to send their products, to satisfy that country's own demand at prices far lower than the world market level.

In the event of the shifting of the present pattern of

trade away from South Africa after independence as entailed in the foregoing arguments ,the port of Walvis Bay will become a good deal more important to the national economy of Namibia. In this event, the tonnage of bulk imports, mostly manufactured, consumer and industrial goods, building materials, mining equipment and foodstuffs sent via Walvis Bay will increase sharply and the same would also apply to exports, particularly frozen and processed beef.

With the redirection, after independence, of a major part of the exports and imports, estimated to be over two-thirds by weight, which presently are transported by rail to and from South Africa, Walvis Bay will be expected to increase its present annual tonnage of about two million to over five million in few years, accounting, most likely, for 80% of the volume of the total Namibian exports. In view of the fact that Namibia's existing export markets and its cheapest potential import suppliers are outside South Africa, Walvis Bay will enable an independent Namibia to disengage itself economically from South Africa, because political independence is incomplete without economic independence.

If independent Namibia is to be connected by rail to neighbouring Botswana, Zambia and Zimbabwe, Walvis Bay could become the terminus of a major transit trade with central Africa. Furthermore, if oil or gas were struck on Namibia's continental shelf or on the off-shore Walvis Bay ridge, the port would be the only suitable service and storage base for offshore commercial exploitation \19.-



### 4.3. Economic Activities

#### 4.3.1. Industries

##### 4.3.1.(a) Primary industries

Apart from fishing, primary industry in Walvis Bay is limited to the extraction of salt from sea water a few miles to the south. The production of the salt works amounted to 60 000 metric tons in 1975. Production was to be increased to targets of 140 000 tons in 1978, 180 000 tons in 1979 and an eventual output of 300 000 tons per annum. The product is transported some 10km by road from the production site to Walvis Bay Port, and then by rail to South Africa. Fishing is the major primary industry located at Walvis Bay. Much has already been said about this industry elsewhere in this paper and therefore it will not be repeated here.

##### 4.3.1(b) Secondary industries

Most of the industries at Walvis Bay are dependent either directly or indirectly on the local fishing industry. Those directly dependent on fishing are such as the manufacture of canned fish meal and fish oil, which is carried out in large and modern fish processing factories. However, with the drastic decline of the fishing industry referred to earlier on, most of the fish related factories either closed down or moved elsewhere, mostly to Chile.

There are small paint manufacture, engineering and ship repair businesses. A Namibian Company, Otthaver and List, transferred its boatyard from Luderitz to Walvis Bay in 1980. A British Company, Metal Box, which opened a large can-making plant in 1957 in Walvis Bay, to supply the canneries moved its machinery to Chile in 1980 as a result

of the collapse of pilchard canning.

#### 4.3.1(c) Fish Processing

Processing of the fish landed at Walvis Bay is carried out by these factories:

1. Consortium visserye (Edms) Ltd
2. Namib Vissery Ltd
3. Nuwe Westelike Ltd
4. Oceana Fishing Company Ltd
5. Ovenstones S.W. Investments Ltd
6. Suid-Kunene Visserye Ltd
7. Tuna Corportation of Africa Ltd
8. West Coast Fishing Industries Ltd.

The factories products are distributed by producers' associations on local markets or exports. They are transported by rail and coastal shipping. Canned fish is generally shipped by coaster to South African ports and then railed inland, fish meal is carried by rail, while fish oil moves by rail tanker to Johannesburg or coastal shipping to Durban and Cape town.

#### 4.3.2. Commerce

Commercial activity at Walvis Bay depends pretty much on the local demand of the community and fishing fleet and the demand generated by the cargo and foreign fishing vessels using the port. A great deal of the local trading is generated directly or indirectly from the fish processing industry.

#### 4.3.3. Transport

Walvis Bay is well-served by road, rail and air routes linking it to the rest of Namibia. It is also served by

both ocean and coastal vessels.

#### a) Roads

A trunk road links Walvis Bay to Swakopmund, Usakos, Okahandja, and Windhoek over a distance of about 400 kilometers. A second trunk road with gravel surface leaves Walvis Bay in a south-easterly direction and passes through the Namib Desert Park to Windhoek. The distance to Windhoek is approximately 375 kilometers. Two branch roads lead in a southerly direction to Sandwich Bay. These roads are seldom traversed and have little commercial significance.

#### b) Railways

Walvis Bay is linked by a railway line to Swakopmund, Usakos and Windhoek, which follows a route similar to that of the trunk road. The line between Walvis Bay and Usakos carries on average six goods train and one passenger train per day in each direction. Traffic comprises largely raw materials for industry, fuel and salt, sugar, ores, foodstuff, bulk agricultural products, timber and merchandise.

#### c) Air Routes

There are regular flights between Walvis Bay and Windhoek, as well as between Windhoek and Cape Town, with intermediate landings at Walvis Bay, Luderitz and Alexander Bay. Flights are also available between Windhoek and Grootfontein. Charter flights are also available, in addition.

#### d) Sea Routes

Sailings to and from Walvis Bay are provided by the South and South-East African Conference member lines operating

liner services between ports in Europe and Southern Africa within the range Walvis Bay/Chinde. Conventional vessels are on use and there is an average of one sailing per month from the UK and the North Continent in respect of South bound trade and on average also a monthly sailing in the north bound direction. A cellular containerised service was introduced by the conference lines in 1977, but the ports of call for the cellular container ship are restricted to Cape Town, Port Elizabeth and Durban, and Walvis Bay is served by coastal feeder services. Coastal trade between Walvis Bay and South African ports is to a degree containerised. Coastal services are also provided between Walvis Bay and other African ports.

#### 4.4. The Port

##### 4.4.1. Administration

✓ The Port of Walvis is controlled and operated by the South African Transport Services (SATS), a state department, under the direction of the Minister of Transport Affairs and managed by the General Manager whose headquarters are in Johannesburg (SA). The authority is delegated to the:

- i) Port Manager, who effects functions on the shore side of the harbour, such as control of the wharf, cranes, cargo sheds, harbour operational staff, and berth allocation.

- ii) Port Captain who effects functions on the marine side of the harbour, such as control of the movements of shipping into and out of port, tugs, launch and berthing staff.

#### 4.4.2. Port Installations

The port installations comprise 8 quays with a total usable length of 1 384 metres and a Dolphin type of Berth for tankers, which can accommodate tankers of minimum length 128m and maximum length 192m. The maximum depth of the port is 10.7meters. There are 20 electric cranes with a lifting capacity between 4 and 15 tons. The floor area for cargo in sheds measures 10 212.6 square meters(net) and the space available on a stacking height of 3.43m is 3 5 029 cubic meters(net). There are open raised platforms measuring 5 708 square meters for heaping of ore, and ample space is available for storage of rough goods.

There are no bunkering facilities in the port but on special prior arrangements light diesel oil can be supplied ex rail tanker wagons. Coal bunkers can be provided in emergencies only. Fresh water can be supplied to vessels at the rate of 15 tons per hour.

One 40-ton hopper and one combined grab dredger/anchor barge are available. There are three first-class tugs equipped with radar, wireless telegraph and telephone, direction finding apparatus, and salvage and fire-fighting appliances, two pilot tug and 1 wooden launch.

The following mechanical appliances are available on the port wharfs for cargo handling:

- 3 shunting tractors
- 6x3-ton fork lift trucks
- 10x4-ton fork lift trucks
- 2x12.5-ton fork lift trucks
- 9 x Haulers
- 38 x Trailers

The entrance channel to the port is 3 436.3 metres long and 134 meters wide, with a depth of 10.07 meters at Chart Datum(low spring tide). The entrance bed of the harbour comprises soft sand and the dredging of deeper channels or berths would pose no problem.

A R2 million large cold store was set up in Walvis Bay port in 1982, by the state development corporation, ENOK, in conjunction with the Oceana fishing group and Worker Freight. The store is divided between meat and fish.

There is also a privately-owned plant at Walvis Bay , which is used for shipping ore, and it loads at the rate of 300 tons/hour.

The fishing port is within the port limits. It comprises an area dredged to 5.33 meters where vessels may lie at anchor, and a dredged channel of similar depth into which wooden jetties extent from the shore along which the fish processing factories have been built.

Other facilities available are such as a mole of 1.3 km which provides additional protection for laid-up vessels and a sinchrolift capable of lifting vessels of up to 2 000 ton. Sites adjoining the lift are controlled by customs.

All the commercial berths in the port are served by rail and the railway station at Walvis Bay and marshalling areas are located immediately outside the security fence of the port. Walvis Bay has good existing road and rail links to the major mines and principal urban centres. In principle there is no limitation on the physical expansion of the port installations.

#### 4.4.3 Containerization

Walvis Bay is served by a coastal container feeder service from the South African three main ports referred to earlier on, which receive cellular vessels from Europe and America. Walvis Bay Port container terminal has the following facilities:

Total area: 4.5ha

Storage -216 TEU (ground)

Reefer points 24 electric

Yard gantries 2 rail-mounted wolff(25t)

Yard tractors 2 Foden, 5 mercedes, 3 Douglas Tug masters.

Yard chassis 27 Henred Fruehauf (20ft) ft skeletal)

There is no container Freight station in Walvis Bay.

A computer system , Hardware Cybernex, soft ware inhouse is available, with functions of container tracking and planning. The container terminal facilities are common user facilities. The table below indicates the container Traffic at Walvis Bay for 1985 and 1986.

<u>Import</u>	<u>1985</u>	<u>1986</u>
Loaded TEU	8 354	7 863
Empty	376	1 028
Tonnage	167 907	170 707
<u>Export</u>		
Loaded TEU	6 710	6 651
Empty "	2 306	2 128
Tonnage	139 273	137 276
Total tonnage	307 180	307 983

#### 4.4.5. The Hinterland

The present hinterland of the port of Walvis Bay comprises the entire territory of Namibia as far as Karasburg on the main railway line to the South. Beyond Karasburg, traffic tends to go to Port Elizabeth, although some cargo, especially mining products from the vicinity of Prieska in South Africa sometimes is exported through Walvis Bay.

There is hardly any goods traffic moving between Botswana and Namibia. Since no rail exists between Namibia and Botswana none of the landlocked countries to the east and north-east of Namibia are included in the hinterland of Walvis Bay, although the geographical distances appear to be quite favourable.

After independence, the volume of cargo via Walvis Bay, as noted earlier on, will most likely increase as the present trading pattern, which is unfavourable for Namibia, is likely to change. At present the port is not serving its hinterland to the extent that would be the case under free trade. Walvis Bay is, presently, not the main point at which goods enter or leave Namibia, as more traffic is carried by rail to and from SA. The reason for this is that at present SA is the main supplier of goods to and main purchaser of goods from Namibia. This does not, however, imply that SA is always the cheaper supplier of the goods involved or that Namibia receives the best price for her goods. The fact is that imports into Namibia outside the customs UNION are charged heavy duties while some exports are subject to control by marketing organizations in SA. Therefore if these protective customs tariffs imposed by SA are no longer applied then



the port function of Walvis Bay will increase.

### Conclusions and Recommendations

From the foregoing it is concluded that Walvis Bay is a key ingredient in the Namibian economy. It is of vital economic importance, as the country's only deep-water port, it handles nearly all of its sea-borne trade, providing the only high-volume alternative to the overland railway through South Africa for its heavier imports and exports. This economic role is likely to increase after independence, with the expected shift from trade routes going via South Africa, to Walvis Bay. In addition to this it is also the only viable base for fisheries control and the fish processing industry. Walvis Bay's natural advantages and central geographical position makes it also the ideal base for the navy of independent Namibia and for the connected vital task of protection of the water resources, particularly fish. Furthermore, the economic significance of Walvis Bay will have a wider regional context, as the potential terminal of a trade route to the landlocked neighbouring countries, such as Botswana, Zimbabwe and Zambia. This is particularly more so, in view of the long standing proposed plan for a heavy duty railway connecting Botswana to Walvis Bay, in order to develop its mineral deposits and agriculture in its central, western, and northern parts, as well as to make possible the mining of large coal reserves that were prospected for in the early 1980s in the central part of eastern Namibia. Therefore the South African occupation of Walvis Bay, especially if it is prolonged after independence, will be an issue of national and regional concern.

1. If South Africa would stick to her intransigent claim

over Namibia's Walvis Bay, peaceful efforts, through UN Security Council Resolution 432(1978), should be made for the Bay's immediate transfer to Namibia.

2. Walvis Bay should be de-linked from the SATS and to be run through the Namibia Harbours Authority (yet to be established)

3. As the cargo tonnage to be handled in Walvis Bay is expected to shoot up upon independence there will be need to increase the capacity of the port in order to cope up with the increased volume of trade.

At present Walvis Bay can only handle tankers of 20 000 to 30 000 tonnes deadweight capacity. These tankers are relatively small. The port and its tanker berth would need to be modified in order to accommodate larger tankers. Additional tank farms should also be constructed on shore for storing the discharged cargoes.

If the proposed rail link between Walvis Bay and Botswana materialises then Walvis Bay would need to have to establish coal handling facilities for handling the coal from Botswana. The same argument holds, if the coal reserves in eastern Namibia prove to be exploitable. It was suggested that for the Botswana coal project to be viable a minimum of 5 million tons should be exported annually. This would probably demand bulk carriers of between 80 000-150 000 deadweight depth of up to 14 meters.

4. As most of the posts in the port are manned by South Africans there will be an immediate need to train manpower to man the various posts in the port after independence.

#### 5. Alternative arrangements:

In case the worst occurs, whereby South Africa refuses to

surrender Walvis Bay to its rightful owner, Namibia, the following alternatives could be considered:

- Use can be made of the Angolan ports. In this case the transport connections between Namibia and Angola would have to be developed. A railway should be constructed to link Namibia to Angola. The existing, but aged, gravel road between the two countries should be tarred.

- The port of Luderitz Bay can be augmented in capacity by dredging and further construction. This action will be prohibitively costly, because the port has a rocky bottom and dredging itself is costly. Alternatively cargo can be handled with the system of lighters. This system is slow, however, as it involves double handling.

- A completely new harbour along the Namibian coast could be constructed. This would be very costly and will take long to complete.

- Possibilities for the revival of Swakopmund port could be explored too.

## CHAPTER V

### SUGGESTIONS FOR ESTABLISHMENT AND DEVELOPMENT OF MARITIME AFFAIRS IN INDEPENDENT NAMIBIA

#### PART A

##### Establishment of a Maritime Administration ( MARAD)

The maritime sector is one of the most neglected sectors in present Namibia, especially as regards organization. The new government of independent Namibia should pay a particular attention to the establishment of some organization in the maritime sector, if this economically important sector is to be developed and to play its vital role in the country's export-oriented economy. In this part, the following important matters are discussed: i) Merchant Shipping Legislation ii) Maritime Administration and iii) Membership to the IMO.

##### 1. Merchant Shipping Legislation

Perhaps one of the first steps to be taken in developing maritime affairs in Namibia after its independence will be to introduce a merchant shipping legislation ,otherwise known as the Merchant Shipping Act or the Merchant Shipping or Maritime Laws. A Merchant Shipping Legislation is a body of Laws adopted or framed to control maritime activities. A Merchant Shipping Legislation is a condition precedent to maritime development and the effective enforcement of appropriate maritime safety standards in a developing maritime country like Namibia. The Merchant Shipping Legislation to be introduced in Namibia should be developmental, regulatory and in conformity with relevant International Law and Conventions. The Legislation should include, among

others, the following matters:

- 1) Administration \_ appointment of statutory officials
- 2) Registration of ships
- 3) Certificates of Officers \_ Masters, Mates and Engineers
- 4) Seamen and Apprentices \_ classification of seamen and prescription of minimum manning scale
- 5) Passenger ships \_ carriage of passengers
- 6) Wrecks and salvage
- 7) Safety in general
- 8) Shipping casualties, Inquiries and Investigations
- 9) Limitation and Division of Liability
- 10) Prevention of pollution of the sea by oil
- 11) Penalties

The preparation of the primary Merchant Shipping Legislation should be followed by the promulgation of a subsidiary Legislation under it, in order to facilitate its implementation. A foreign experienced expert can be hired to assist in the preparation of the Merchant Shipping Legislation. The IMO through its technical assistance programs could be of immense use.

## 2. Maritime Administration

Based on the Merchant Shipping Legislation a Maritime Administration Organization should be established. The objective of a Maritime Administration Organization within the framework of a country's overall maritime activities is to provide the government with the machinery which would enable it to satisfactorily and efficiently undertake those functions which are embodied within the country's merchant shipping legislation ( ie. National Maritime Laws ) /1. These functions would include the

implementation of the requirements of International Maritime Safety Conventions, and National Rules and Regulations framed under the authority of the Merchant Shipping Act /2. The primary functions of the Maritime Administration in Namibia should be developmental and regulatory, in line with the objectives of the Merchant Shipping Legislation. The developmental functions can take the form of participation in the process of formulating the policy of the government as regards Maritime development and deciding upon the activities to be undertaken in connection with such development. Such functions could include:

- i) Assessment of the most suitable types and numbers of the ships required to meet the scale of development planned
- ii) development of the man-power needs of the maritime industry
- iii) development of ship\_building and ship-repair capabilities
- iv) development of marine ancillary industries
- v) assessment of the suitability of national ports for the intended ships and proposals for required development or improvement.
- vi) development of the manpower needs of the ports.

The regulatory functions of the MARAD should aim at ensuring

- i) safety of lives, ships and property and
- ii) protection of the marine environment. A Maritime Safety Administration should also be established under the MARAD and it should be vested with the regulatory functions of the MARAD. It is proposed that the Maritime Administration in Namibia should be under the Ministry of

Transport and Communications.. However, in the long run, when the maritime activities grow wider the Maritime Administration could be developed into an independent Ministry. *AK*

### 3. Membership to the IMO

It is strongly recommended that Namibia should join the International Maritime Organization (IMO), as a matter of urgency after independence. IMO is a specialised agency of the United Nations and was inaugurated in 1959. It is a highly technical body whose two principal objectives are the improvement of safety at sea and the prevention of pollution from ships. IMO has 127 member states. Some of the major IMO Conventions are:

- 1) International Convention for the Safety oil Life at sea (SOLAS) 1974 \_ in force since 1980. SOLAS Protocol of 1978 \_ in force since 1981
- 2) International Convention on Standards of Training, Certification and Watchkeeping of Seafarers (STCW) 1978, in force since 1981
- 3) International Convention on Maritime Search and Rescue (SAR) 1979 in force since 1983
- 4) International Convention for Safe Containers (CSC) 1972, in force since 1977
- 5) Torremolunos International Convention for the safety of fishing vessels (SFV) 1977 - not yet in force.

Namibia should then participate in the various sessions of the IMO in order to contribute to the evolution of international standards. Such participation would provide it also with a forum through which to present its needs for technical assistance.

## PART B

### 1. ESTABLISHMENT AND DEVELOPMENT OF A NATIONAL FLEET

As was stated earlier on, Namibia has no fleet at present. In concert with the considerations made in chapter III it is proposed that after its independence Namibia should strive to establish its national merchant marine fleet. Before proceeding on, it would probably be a logical progression to bring into focus the type of organization or ownership of the shipping industry that will be adopted in future Namibia. Usually, the ownership of the shipping industry falls in line with the overall political economic policy of the country. SWAPO's economic policy at independence is that there will be state, co-operative, joint ventures and private participation in the national economy. The state will seek to have ownership of a significant part of the country's resources than is the case now.

From the foregoing it can be seen that the future economy of Namibia will accommodate both state and private investment. Given this light it is proposed that the same policy should be reflected in the shipping industry organization. Investment in the industry should be open to both state and private capital. The government should, however, through its shipping policy regulate the activities of the private shipping companies, in order to ensure their adherence to the overall national economic policy.



The new government of Namibia should formulate a shipping policy , which should be part of the country's transport policy and, in turn, an element of the overall economic policy. Shipping policy may be defined as a totality of economic ,legal and administrative measures by means of which the state influences the position of its national fleet in the national economy and in the international freight market /3. Generally, there are two models of shipping policy ,the liberal policy and the protectionist policy. Under the former there is a full (theoretically) liberalization of trade, with an unlimited right of a free choice of a carrier,be it foreign or domestic, whereas under the latter there exist various measures of government intervention affecting this freedom of choice.

Shipping is a capital intensive industry and therefore the involvement of the government in its establishment and development in Namibia will be necessary. The government of Namibia should establish its presence and active intervention in the shipping sector right from the outset. Namibia, for which shipping is such a vital industry should not have a laissez-faire shipping policy. An active promotional shipping policy, aimed at developing national shipping should be introduced. The policy should aim primarily at enabling the shipping industry to play its proper role as carrier of international trade.

The government should play a dominant role in the establishment and development of a national fleet. Private capital might not be forth coming due to the huge capital cost involved. If there would be some private companies willing to invest in ship owning they could get some assistance from the government in form of funds. The

logical point to start with in the question of national fleet establishment and development should be the acquisition of vessels.

It should be noted that a shipping industry cannot be established simply by acquiring ships. Repair and maintenance facilities should be made available too, in order to carry out necessary work in national ports. There is also the crucial need to train crews and other personnel for the industry. These two points will be discussed a little later.

Basically there are three approaches to the starting up of a fleet:

- i) purchasing new or second hand ships abroad,
- ii) building new ships at home and
- iii) chartering. For practical purposes the possibility of Namibia engaging in ships building at home at its initial entry into shipping is very mean and should be ignored thus. A gradual and realistic approach to shipping development should be adopted and therefore the possibility for local building of vessels can rather be a long-term issue.

### 1.1.Acquisition methods

#### 1.1.1. Chartering

Time chartering of vessels could be economical and maybe a faster way to obtain some leverage on freight rates through membership of liner conferences, which is one of the considerations proposed to be put into consideration in establishing a national fleet in independent Namibia. With a time charter the ship owner provides the crew and maintains the ship, leaving the charterer to pay fuel

costs , cargo handling and port costs . Time chartering of vessels could be a practical approach for emergent Namibia, which has no marine manpower and is likely to face an acute shortage of funds. This approach would also enable Namibians to obtain some experience, as some of them can be included in the crews and thus receive training. As an example, neighbouring Angola had 6 time chartered ships in its fleet in 1984, in addition to its own 8. This practice can go on for the first years and as many people get trained and funds mobilised, purchasing of ships can be done then.

#### 1.1.2. PURCHASING OF VESSELS

Capital cost can be reduced by purchasing secondhand tonnage. Economic analysis should be done in order to really establish the economic viability of such ships. The analysis should cover the use to be made of the ships, the interest rate to be charged on the purchase loans, the repair costs and availability of repair facilities, etc. The annual repair costs and the costs of bringing them to standard at the next special survey may make them too costly. The following guidelines could be of some practical use to the Namibian government or any other interested parties, in acquisition of secondhand vessels.

The purpose of the ship must be established ie. what type of trade it is going to be engaged in. It is recommended to buy a ship built by a shipyard of good reputation and which was operated by operators also of good reputation, principally regarding the maintenance of his fleet /4. General information about the ship and its past maintenance policy of its past and present owners should be collected. Official information should be collected from the classification society. The plans and drawings

of the ship should be inspected before the ship's inspection. The ship should be inspected afloat, with more emphasis on the engine room. The log books of the ship should be inspected and information regarding, principally, the speed and fuel consumption and overall performance before and after drydocking should be checked.

Estimate and specification of what has to be repaired or replaced should be made, with the objective of minimising the risk of trouble. The final total cost to have the vessel in good condition able to provide a service of good quality should be worked out. The final price of the ship should be considered too and probable cost of the coming special survey. The costs should be compared to the expected income by reducing them to the present value. The sale conditions should be studied carefully with the assistance of an experienced lawyer.

During the initial stage Namibia should make use of secondhand vessel specialised sale and purchase brokers in the process of ship acquisition. Consultants, with wide knowledge on such matters can also be hired. This is in view of the fact that Namibia does not have experienced maritime personnel.

### 1.2. Shipping Investment Finance

Having discussed the major approaches to ship acquisition it would be a logical progression to hint on the question of financial capital for investment in the industry. This is more often than not a big bottle neck in most maritime developing countries, let alone emergent Namibia which is to start from scratch. Namibia will have to rely a great deal on foreign assistance for capital funds for vessel acquisition. This will be more so in view of the large

amounts of foreign exchange involved. Foreign financial assistance can be sought from governments, international organizations, such as IMF, World Bank, CMEA, and the re-knowned Organizations such as SIDA of Sweden, NORAD of Norway, FINIDA of Finland, etc.

In conjunction with this question, Namibia should be aware of tied aid, whereby granting of aid for ship finance may be tied to the placing of orders with shipyards in the donor country. This practice deprives the aid beneficiary of the opportunity to buy ships from yards offering the best price/value ratio. It also deprives the beneficiary of the chance to buy secondhand tonnage. In choosing the loan finance to be used the major factors which should influence the decision should be the length of the loan period, the costs of the money, the possibility of having a grace period and the foreign exchange implications. New entrants to shipping business are given lower priority by lenders as the lenders do not have trust on them yet.

In addition to foreign financial assistance, some financial resources can, of course, be mobilised from the local financial market.

### 1.3. Measures for assisting the shipping industry

A very large number of countries, including many of the traditional shipping countries, have policies of state assistance to their shipping industries \8. A new shipping industry, even if it is fully economic and can compete with the shipping of other countries on level terms, has in practice to compete with shipping, much of which is subsidized or assisted. There are few shipping fleets in the world which are not assisted to some extend.

Some developed countries assist their shipping directly, by means of subsidies and cargo preference legislation. This situation would make it difficult, if not impossible for a new industry, without any special advantages, to compete without receiving any assistance itself.

Once a shipping merchant fleet has been established in Namibia the story should not end there. The industry should be given further assistance in its infancy in order to grow to adulthood. The familiar infant industry argument should thus form the impetus for state support to the shipping industry in independent Namibia. The industry will require support until it will be able to stand on its own feet and make full contribution to the national income and can compete on equal footing with similar foreign industries. The assistance that can be extended to the industry can be of financial and administrative or legal nature.

#### 1.3.1. Financial measures

The provision of maritime subsidies to the infant shipping industry of independent Namibia should be one of the financial measures that the government should adopt to assist the industry. Maritime subsidies are subdivided into direct and indirect ones. Direct subsidies are of several types. Few ones, which could be considered for the Namibian shipping industry are discussed here.

#### Operating subsidies

Operating subsidies are paid directly to shipowners. The idea of these subsidies is to increase the competitive position of the own fleet vis-a-vis foreign ships. This could be probably the most important subsidy in Namibia. Costs for skilled manpower are likely to be high, due to

use of foreign personnel in Namibia.

#### Construction subsidies

Construction subsidies are direct government grants to the shipping enterprises towards the purchase of new ships . Their aim is to aid the shipping enterprise reduce the cost of new tonnage acquisition. There are two variations of these subsidies , namely building grants - unrepayable subsidy by the state for the owner, and construction loans with a long repayment period and a low interest rate on capital.

#### Credit facilities

Under this type of subsidy, the state bears or subsidizes the charge of interest on capital borrowed by private owners. This can also be considered in independent Namibia.

#### Indirect subsidies

Two of these are discussed here:

##### Customs reduction and exemptions

The underlaying idea for these subsidies is to use the customs as a means of protection of domestic industry. These could take form of using of higher customs duties on cargoes transported by foreign ships to or from local ports. This measure is likely to meet retaliation from the victim countries.

##### Tax and depreciation allowance

This is an indirect form of subsidies by which the government allows shipping companies to pay lower taxes and to faster depreciate their ships without paying extra tax.

## Reduction in charges born by ship owners

Under this type of subsidy, domestic owners enjoy reduction in port dues and other charges in local ports, as compared to foreign ships. This is also a convenient way of disguising a form of shipping protectionism.

### 1.3.2. Administrative Measures

These measures would include cargo sharing, cargo preference, cargo reservation, cabotage restrictions, state participation and co-operation and joint ventures beyond national borders.

#### Cargo sharing

The principles behind cargo sharing may involve a number of parties, for example two (on 50-50 basis), and a variety of other different portions, such as that proposed by the UN Code of Conduct for liner conferences, 40-40-20 as a guideline \6. The idea behind it is that it guarantees automatic supply of cargoes, which generates demand for national flag carriers. Namibia may like to consider this practice.

#### Cargo Preference

Cargo preference seeks to reserve a portion of the volume of cargo flowing between the trading partners, with the objective of favouring certain shipowners, in most cases adopting the flag as the operative criteria. The underlying principle is that if there is cargo available its distribution is not left to market forces, but rather the state intervenes and allocates that cargo, giving priority first to the domestic flag, or where domestic tonnage is not available or incapable of meeting the demands required, then to foreign flag carriers. Another



way of cargo preference is to allocate high (freight) quality cargoes to domestic flag carriers, with the bulky, low quality, cargoes to the others. An independent Namibia could also consider setting up a legislation to this effect in assisting its fleet.

#### Cargo reservation

Under this measure a certain portion of exports and or imports is reserved for vessels flying the national flag. This measure is also resorted to for enabling speedy establishment and development of national merchant marine fleets. In the final analysis it should be observed that it would quite be reasonable for a country to reserve a certain portion of cargo sufficient to maintain her flag as a commercial entity, particularly if her fleet can not be assured of cargo in the open market or on the home ward journey 19.

#### Cabotage restrictions

In this case coastal trade is 100% reserved to national flags. The idea behind such measures is also to promote the national merchant marine in a given trade area through guaranteed supply and demand. This measure negated competition and replaces the market forces of demand and supply. Namibia could also employ these measures.

In this regard the development of cabotage in neighbouring Angola may be of interest to Namibia. Angola has a state-owned coastal shipping company, CABOTANG, which was established in 1978. In 1981/2 it had a shipping agreement with Secil Maritima, concerning a joint service for the transport of cement to Nigeria. It also operated a passengers service between the ports of Luanda and Lobito, but this service has been discontinued now. The

company runs coasting services, mostly between national ports, and links Angola and other African ports, mainly Mozambique and West Africa.

This case may serve as a good example for Namibia. However, while Angola has several coastal ports, Namibia has only two. In this case, like in Angola, coastal shipping in Namibia can also be extended to neighbouring coastal ports, such as Angola, Mozambique and West Africa. Consideration could also be made of entering into joint cabotage shipping with other coastal countries.

#### Shipping etatism

One of the most effective means of control and perhaps the fastest way to expand, is through direct state participation in the financing, management and direction of the merchant marine industry. This method is strongly recommended for Namibia. As was indicated earlier on, private capital is unlikely to establish itself easily in the merchant marine industry due to capital constraints, as private capital is limited. In this case then the recommendation for state participation is not an ideological question, but rather a pragmatic approach. Private capital is generally weak and insufficient to create competitive shipping services and therefore the government should bear the investment burden as it is expected to be aware of the importance of shipping for the national economy. State participation gives the industry more protection - the necessary stability for expansion \10. The government of Namibia can exercise its participation in the merchant marine industry through joint ventures and partnerships and state ownership.

### Joint ventures and partnerships

The government of Namibia can enter into joint ventures and partnerships in association with local or foreign business investment. For the purpose of maintaining control, state participation should involve majority shares. Namibia can also enter into joint ventures as regional exercises. The question of joint ventures will be discussed a little later in greater details.

### State owned shipping

This would mean that the government will supply the capital and determine the maritime facilities to be provided. In addition the government chooses the management, assumes the responsibility of paying labour, purchasing supplies, setting the price for oceanborne trade and maritime services, determining the freight rates, and reaping profits or meeting deficits if they are incurred \11. Should the government of Namibia opt for this system, joint ventures and partnerships should not be precluded, they should be invited.

The immediate motive behind state participation should be to enable the state integrate shipping into the general industrial, economic and commercial planning programmes. However, the paramount objective should be to enable the swift establishment and expansion of the national Namibian fleet.

#### 1.4. Co-operation and joint ventures beyond national borders

One of the ways developing countries can develop their maritime industries is to co-operate among themselves.

This co-operation could be done through regional shipping corporations and or joint ventures among developing countries.

As for regional co-operation through a regional shipping company, the Southern African states stand a chance of establishing a regional shipping corporation through the Southern African Development Co-ordination Conference (SADCC). Briefly, SADCC is a regional body comprising 8 southern African states and 1 eastern African country. Namibia will become its 10th member shortly after its independence. Its objectives are:

- a) reduction of economic, particularly, but not only, on apartheid South Africa
- b) the forging of links to create a genuine and equitable regional integration
- c) the mobilization of resources to promote the implementation of national, interstate and regional policies
- d) concerted action to secure international co-operation within the framework of a strategy for economic liberation. .

Transport and Communication was identified as the main target of SADCC co-operation, as it is seen as crucial to economic liberation and has thus been given the greatest attention. This resulted into the creation of the Southern African Transport and Communications Commission (SATCC), a SADCC sectoral commission.

Another possibility for Namibia is to enter into joint ventures with other developing countries, which could be other SADCC members or any other countries. A qualifying example in this respect is the joint venture between Tanzania and China, SINOTASHIP, a seagoing shipping line,

with equally shared capital. SINOTASHIP that has played an important role in transporting building material for the construction of the Tanzara railway, operates a sort of regular tramping between the far east and Europe via Africa \12.

Apart from entering into joint ventures with other developing countries, Namibia may also like to consider the possibility of entering into joint ventures with developed countries. A country like Sweden can be exemplified out, in view of its reputation for co-operation with developing countries. In this case, however, caution should be taken, to ensure that Namibia gets the upperhand of more than 50% of rights for the purpose of control.

Namibia can also, in joint with some other countries, for example other SADCC members enter into joint ventures with developed countries and form what could be called Multinational enterprises (MSE) or consortia. Joint ventures have several advantages:

- \_ the problem of capital is solved
- \_ joint ventures (MSE) may obtain preferential terms for loans
- \_ the availability of credit may be greater if the governments of several developing countries participate as shareholders
- \_ operating costs, the major handicap for developing countries are also taken care of by the MSE
- \_ commercial risks are shared
- \_ the problem of manpower can be solved too
- \_ the competitiveness of the fleet of the concerned developing countries is enhanced
- \_ the scarce foreign exchange would come in
- \_ transfer of technology from developed countries will occur.

## PART B

### MARITIME EDUCATION AND TRAINING

One of the crucial problems that Namibia will inevitably face in developing its shipping industry is skilled or qualified manpower. The acquired tonnage can not be operated successfully, unless there is needed skills, both managerial and for manning vessels. Certainly during the initial years of the introduction of shipping industry Namibia will have to rely on manpower hired from abroad. This situation, however, can not be left to go on for long, as it would have adverse effects on the balance of payments as the expatriates will have to make some remittances in foreign currency. In order to overcome this adverse situation the country should, as a matter of urgency embark on training of maritime personnel.

The government, through its Maritime Administration, should take the lead role and primary responsibility in harnessing human resources and utilising them appropriately to maximum national advantage in the maritime field. The Namibian government (MARAD) in developing training facilities/courses to meet its personnel requirements and to meet the mandatory international standards, should take the following steps:

- 1) conduct a manpower study to make an assessment of the manpower needs (categories and numbers) of the shipping industry for a given period, probably ten years
- 2) make a manpower plan based on the above said study
- 3) formulate recruitment policy, as regards the number and quality of persons to be recruited as new entrants in order to meet the planned manpower requirements
- 4) formulate suitable programmes and identify training

courses/facilities, both pre-sea and post-sea, for the various categories of personnel

5) decide upon the nature and extent of training facilities to be created, based on the categories and numbers to be trained.

The Namibian government can 1) establish a national Maritime Training institute or 2) together with e.g. other SADCC members form a regional Training Institute. The latter could be cost effective in that resources will be pooled together.

6) Ensure the availability of duly trained Maritime Educators for the training institute and examiners. In this case the World Maritime University (WMU) in Malmo, Sweden, where the author is privileged to be a post graduate student, can be of enormous use. The University was created by the IMO, in appreciation of the fact that the developing countries have a special need for advanced training for their own nationals in order to trade on the various expert maritime tasks themselves and reduce, and eventually eliminate, their dependence on foreign experts. In the interim period prior to the establishment of own training facilities, use can be made of other known existing maritime training facilities e.g. the Maritime academies in Tema (Ghana), Abidjana (Ivory Coast) and Alexandria (Egypt). In fact already Namibians are training at Alexandria.

Funding assistance and other forms of contributions can be sought from donor Institutions and Governments. The IMO can also help find such assistance. As regards course contents/syllabus for both courses for Officers and key ratings, the IMO STCW convention provides the basis.

## PART D

### 1.0.DEVELOPMENT OF ANCILLARY SERVICES

As was noted earlier on, one of the main objectives for shipping development in Namibia is to increase its capacity to share in the income produced by the international community in the field of international maritime transport. This would be done by promoting its earnings from shipping as well as by minimising the net outflow of foreign exchange from home to foreign countries, emanating from shipping transactions. In running a merchant marine fleet a significant, sometimes greater, part of the freight earnings is repaid abroad as to meet various parts of the total costs necessary for the production of the shipping services when such payments are made to foreign firms having supplied any type of services needed by the national flag.

In order to run maritime transport efficiently, a great variety of services is required. These include manning, repair and maintenance, bunkering services, telecommunications, port services, bank services, port facilities, etc. The magnitude of the net benefit to be enjoyed by independent Namibia through the development of merchant marine should be dependent on its ability to increase to the maximum its freight earnings capacity through the reduction of the size, type and costs of services which have to be bought abroad. This can be done by providing such services locally. In this regard some of such services are discussed below.

#### 1.1.Ship repair services

Namibia should consider the introduction of ship repair



facilities. This could be taken as a long-term activity. It can be started up on a small scale basis and be developed gradually. The small scale shiprepair in existence at Walvis Bay port can be expanded on. Due to the geographical location of its ports Namibia is likely to attract demand for ship repair services, as it lies at the crossing point of vessels connecting the Atlantic and the Indian Oceans. The following advantages can be reaped from the introduction of repair services:

- \_ Ship repair is labour intensive, hence generation of employment
- \_ Foreign exchange is saved if ships are repaired locally
- \_ The industry forms the basis for developing a shipbuilding industry.
- \_ Generation of foreign exchange by providing repair and maintenance services to foreign ships.

However, all this would depend on economic and technical feasibility study results. Ship repair facilities in Europe and elsewhere could, alternatively be used. For the start of a ship repair service industry use will be made of foreign expatriates, the cost of which should also be taken into consideration in the feasibility study.

The development of ship repairing industry can also facilitate the development locally of services for the classification of ships, which in its turn can act as a foreign exchange earner and or saver. The shiprepair and ship building industries have traditionally co-existed. However, considering the capital intensity of the shipbuilding industry it would be unpractical to suggest this for Namibia. Namibia has a low level of technological development and therefore committing its scarce resources to shipbuilding would be devastating. However, in the long-run and with the positive advance of

the shiprepair industry, there may occur conditions which could lead to the consideration of introducing shipbuilding services.

### 1.2. Finance/Bank services

Inadequacy of capital, particularly in terms of foreign exchange constitutes one of the main problems facing developing countries in the process of shipping development. Namibia, being one of the developing countries, can not escape this problem either. It will be to the common interest of Namibia and its banking system to strive for the expansion of banking transactions related to the maritime transport, the seaborne trade and the operations of the shipping industry. Namibia should thus establish its Central bank soon after independence and the Central bank should organize the country's banking system properly, including financial institutions or specialised lending commercial banks. The banking system may not be able to develop and expand to the extent of satisfying the financial requirements of the shipping industry. However, the development of the banking system will eventually produce some significant positive results. There would be a reduction of the flowing out of part of the gross income derived from shipping, to the extent that the national banking system in Namibia could finance shipping locally. Some short term financial requirements of the shipping industry could easily be met by the local banking system\_ for example supply of working capital to shipping agency enterprises, financing of repair works effected in national ports, advanced payments to seagoing personnel, etc., which, if sufficiently developed, would contribute to the maximization of the country's net receipts from the activities of the national shipping industry.

### 1.3. Marine Insurance services

Namibia should also strive to introduce insurance services in connection with shipping development. Insurance services are very expensive and can not be established to the required extent overnight, and, therefore a gradual approach is recommended. In the start use can be made of the well-established Insurance Institutions in the UK, USA, and other places, through insurance brokers. These companies could introduce their subsidiaries in the country, on the basis of which own local institutions can be established and developed.

### 1.4. Port services

Ports provide a service to cargo and to ships. Costs incurred in port are a drain on national wealth since they add to import prices or reduce export earnings. The principal objective of port activities is to facilitate trade at minimum total cost. It is very important that port development in Namibia is given due attention in order to serve international and national shipping efficiently. Specific proposals for port development in Namibia have been given in Chapter IV of this paper.

Emphasis should be put on the improvement of port capacity in order to avoid longer waiting time for ships before berthing. Inadequacy of capacity leads to increase in over-all port costs considerably and, in turn, to the country's terms of trade.

Improvement of port facilities would also determine the types of ships which can call our ports. In this regard

suggestions have been given earlier on in this paper for the improvement of the depth of the water in Namibia's main port Walvis Bay. It was also earlier on suggested that the Namibian main port should be improved on, in order to attract transshipment traffic. Namibia seems to have a good natural location for processing cargoes for regional distribution, in view of the many landlocked neighbouring countries surrounding her.

As part of the wide range of services required by the international merchant marine it is suggested that bunkering services should be introduced in Walvis Bay port. At present such services are only available on a very limited scale and on special situations. The advantageous geographical location of Walvis Bay could render the provision of bunkering services profitable and attractive to the international merchant marines. Bunkers can be imported from neighbouring Angola, which is one of the major oil producers. In addition to bunkers, the port can also provide supplies and container repair, which can be part of the already described ship repair services.

The list of services required for shipping is long and due to the limited paper scope they can not all be covered. Training of maritime manpower was already covered in the same chapter. Suffice to say some of the required services are ship agency, telecommunications and transport services. In conclusion apart from investing in the establishment and development of a merchant marine, Namibia should also be faced with the important task to make sure that it is able to offer services required by the international merchant marine. In this way it may increase its share of benefit from the international cake of shipping of 200-250 billion dollars/year.

### CONCLUSION

In conclusion, this chapter started with the need to introduce a Merchant shipping legislation in Namibia, on the basis of which a Maritime Administration is to be developed and operate. The introduction of the Legislation is very essential and is a precondition to the development of maritime activities. A strong recommendation was given for Namibia to join the IMO as a matter of priority after independence and to accede to the major IMO Conventions. The membership to the IMO would enable Namibia to get some technical assistance from the body, which will be so much needed. The approach to the establishment of the merchant marine fleet and the consequent assistance to the industry was dwelled upon. It was emphasised that the industry would require financial and non-financial support during its infancy. Co-operation beyond national frontiers was identified as one of the effective ways to develop the maritime industry. The possibility for regional co-operation through SADCC was pointed out. Marine Education and training as a vital aspect of maritime development was touched. Guidelines for the approach to this important aspect were given in form of proposals. Regional Co-operation in this respect was suggested too. The usefulness of the WMU training was pointed out too. The shipping industry, in particular the marine fleet would require supporting services, such as repair, finance/banking services, etc., which, if not provided locally will have adverse effect of the drainage of foreign exchange reserves from the country. It was, therefore, suggested that efforts should be made for these services to be provided locally, at least part of them.

## FOOTNOTES

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- 2/ Legal Framework for the mining sector in independent Namibia, UNIN, Lusaka, p 9
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- 4/ Ibid, p 292
- 5/ Namibia's Economic Prospects brighten up  
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- 6/ Ibid p 2
- 7/ Ibid p 2
- 8/ Ibid p 3
- 9/ Namibia: Perspectives for National reconstruction and development, opcit, p 300
- 10/ Legal Framework for the mining sector in independent Namibia, opcit, p 28
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- 14/ Ibid, p37
- 15/ Ibid, p 37
- 16/ Namibia: Perspectives for National reconstruction and development, opcit, p 304
- 17/ Ibid, p 115
- 18/ Ibid, p 123
- 19/ Ibid, p 201

- 20/ Ibid,p 337
- 21/ Ibid,p 339
- 22/ Ibid,p 337
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- 2/ Ibid, p 391
- 3/ Ibid, p 391
- 4/ Ibid, p 398
- 5/ Ibid, p 399
- 6/ Ibid, p 403
- 7/ Ibid, p 403

## Chapter III

- 1/ See "Shipping in developing countries-problems and prospects, by El.A. Georgandopoulos, a class handout, WMU,p 2
- 2/ Protectionism and the future of International shipping: Ademuni-Odeke,p 3
- 3/ Ibid, p 3
- 4/ Shipping in the context of services and the development process, Report by the UNCTAD secretariat, 1984, p 5
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- 7/ Establishment or expansion of merchant marines in

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- 9/ Ibid, p 3
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- 11/ Establishment or expansion of merchant marines in developing countries, UNCTAD, opcit, p10
- 12/ Shipping in the context of services and the development process, UNCTAD, p 8
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- 15/ Ibid, p 8
- 16/ Professor El.A. Georgandopoulos, Problems of ship finance for developing countries, P.12.

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- 1/ Walvis Bay: Namibia's Port, Richard Moorsom, 1984, p.14
- 2/ Ibid, p 14
- 3/ Ibid, p 21
- 4/ Ibid, p 21
- 5/ Ibid, p 21
- 6/ Ibid, p 7
- 7/ Ibid, p 22
- 8/ Ibid, p 24
- 9/ Ibid, p 24
- 10/ Ibid, p 24
- 11/ Ibid, p 25
- 12/ Ibid, p 25
- 13/ Ibid, p 20
- 14/ Ibid, p 27
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- 16/ Ibid, p 13



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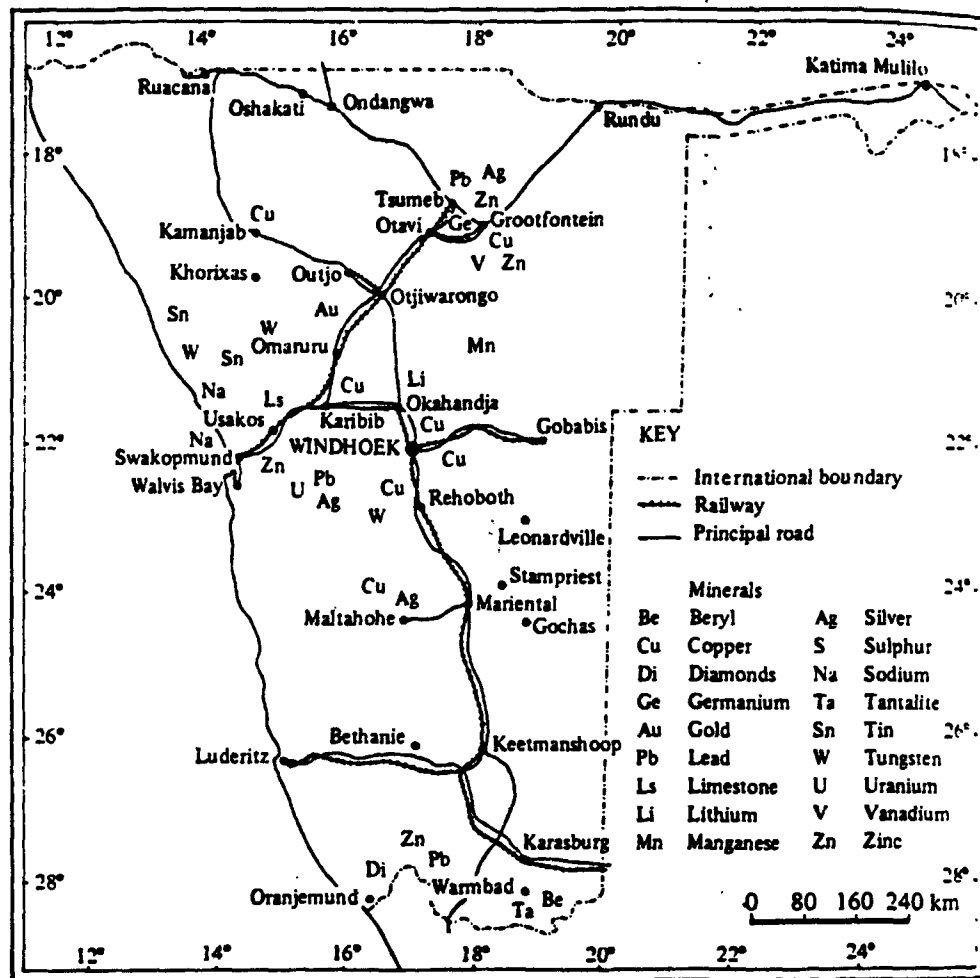
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# APPENDIX II

## Namibia



Map : Namibia: Mineral Resources

## Appendix 2

### United Nations Council for Namibia Decree No. 1

#### For the Protection of the Natural Resources of Namibia

Conscious of its responsibility to protect the natural resources of the people of Namibia and of ensuring that these natural resources are not exploited to the detriment of Namibia, its people or environmental assets, the United National Council for Namibia enacts the following decree:

#### DECREE

*The United Nations Council for Namibia*

*Recognising* that, in the terms of General Assembly resolution 2145 (XXI) of 27 October 1966, the Territory of Namibia (formerly South West Africa) is the direct responsibility of the United Nations.

*Accepting* that this responsibility includes the obligation to support the right of the people of Namibia to achieve self-government and independence in accordance with General Assembly resolution 1514 (XV) of 14 December 1960,

*Reaffirming* that the Government of the Republic of South Africa is in illegal possession of the Territory of Namibia,

*Furthering* the decision of the General Assembly in resolution 1803 (XVII) of 14 December 1962 which declared the right of peoples and nations to permanent sovereignty over their natural wealth and resources,

*Noting* that the Government of the Republic of South Africa has usurped and interfered with these rights,

*Desirous* of securing for the people of Namibia adequate protection of the natural wealth and resources of the Territory which is rightfully theirs,

*Recalling* the advisory opinion of the International Court of Justice of 21 June 1971,<sup>1</sup>

1. *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) notwithstanding Security Council Resolution 276 (1970), Advisory Opinion, ICJ Reports 1971, p. 16.*

*Acting in terms of the powers conferred on it by General Assembly resolution 2248 (S-V) of 19 May 1967 and all other relevant resolutions and decisions regarding Namibia,*

***Decrees that***

1. No person or entity, whether a body corporate or unincorporated, may search for, prospect for, explore for, take, extract, mine, process, refine, use, sell, export, or distribute any natural resource, whether animal or mineral, situated or found to be situated within the territorial limits of Namibia without the consent and permission of the United Nations Council for Namibia or any person authorised to act on its behalf for the purpose of giving such permission or such consent;

2. Any permission, concession or licence for all or any of the purposes specified in paragraph 1 above whensoever granted by any person or entity, including any body purporting to act under the authority of the Government of the Republic of South Africa or the 'Administration of South West Africa' or their predecessors, is null, void and of no force or effect;

3. No animal resource, mineral, or other natural resource produced in or emanating from the Territory of Namibia may be taken from the said Territory by any means whatsoever to any place whatsoever outside the territorial limits of Namibia by any person or body, whether corporate or unincorporated, without the consent and permission of the United Nations Council for Namibia or of any person authorised to act on behalf of the said Council;

4. Any animal, mineral or other natural resource produced in or emanating from the Territory of Namibia which shall be taken from the said Territory without the consent and written authority of the United Nations Council for Namibia or of any person authorised to act on behalf of the said Council may be seized and shall be forfeited to the benefit of the said Council and held in trust by them for the benefit of the people of Namibia;

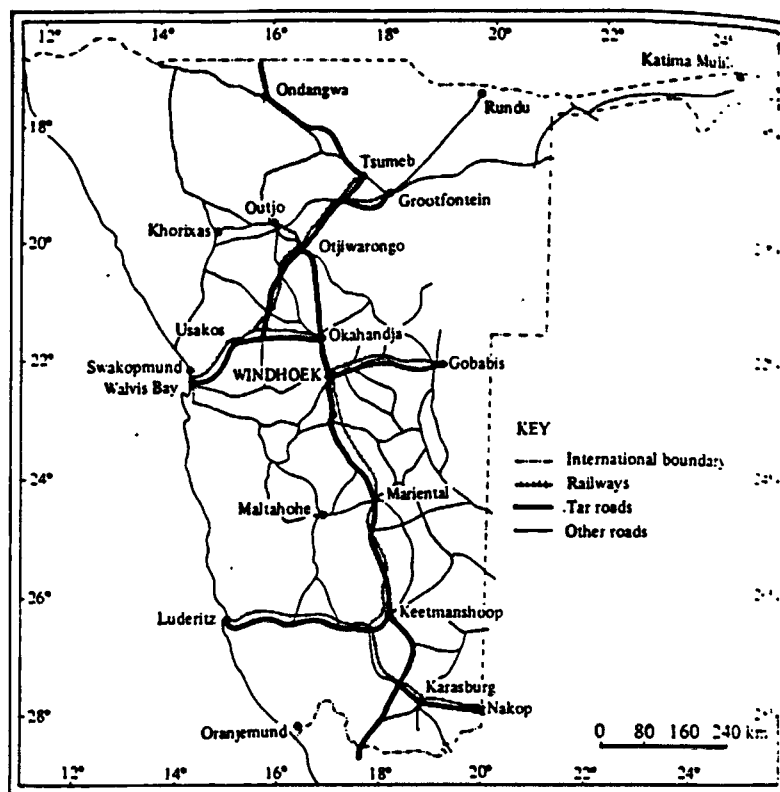
5. Any vehicle, ship or container found to be carrying animal, mineral or other natural resources produced in or emanating from the Territory of Namibia shall also be subject to seizure and forfeiture by or on behalf of the United Nations Council for Namibia or of any person authorised to act on behalf of the said Council and shall be forfeited to the benefit of the said Council and held in trust by them for the benefit of the people of Namibia;

6. Any person, entity or corporation which contravenes the present decree in respect of Namibia may be held liable in damages by the future Government of an independent Namibia;

7. For the purposes of the preceding paragraphs 1, 2, 3 4 and 5 and in order to give effect to this decree, the United Nations Council for Namibia hereby authorises the United Nations Commissioner for Namibia, in accordance with resolution 2248 (S-V), to take the necessary steps after consultations with the President.

# APPENDIX 3

## NAMIBIAN TRANSPORT NETWORK



APPENDIX 4

Cargo Handled at Walvis Bay

Year	Tonnage (metric harbour tons)			
	Landed	Shipped	Transshipped	Total
1964/65	419 749	716 775	1 348	1 137 872
1965/66	469 179	691 277	11 244	1 171 700
1966/67	513 306	747 675	53 357	1 314 338
1967/68	652 025	746 268	92 410	1 490 703
1968/69	615 065	812 228	66 668	1 493 961
1969/70	657 926	701 952	40 120	1 399 998
1970/71	735 587	590 724	44 022	1 370 333
1971/72	721 939	506 685	38 481	1 267 105
1972/73	727 129	507 902	30 128	1 265 159
1973/74	766 284	638 258	51 753	1 456 295
1974/75	748 362	796 047	39 393	1 583 802